

BUSINESS WEEK

Small Business
CAN IT KEEP GOING
IN MOBILIZATION
(PAGE 19)



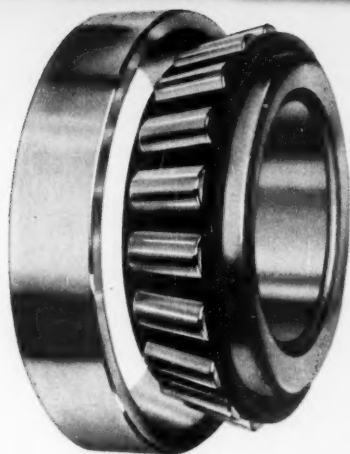
Robert E. Gross of Lockheed: He parlayed a \$40,000 bet (page 55)

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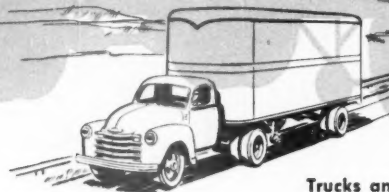
FEB. 3, 1951

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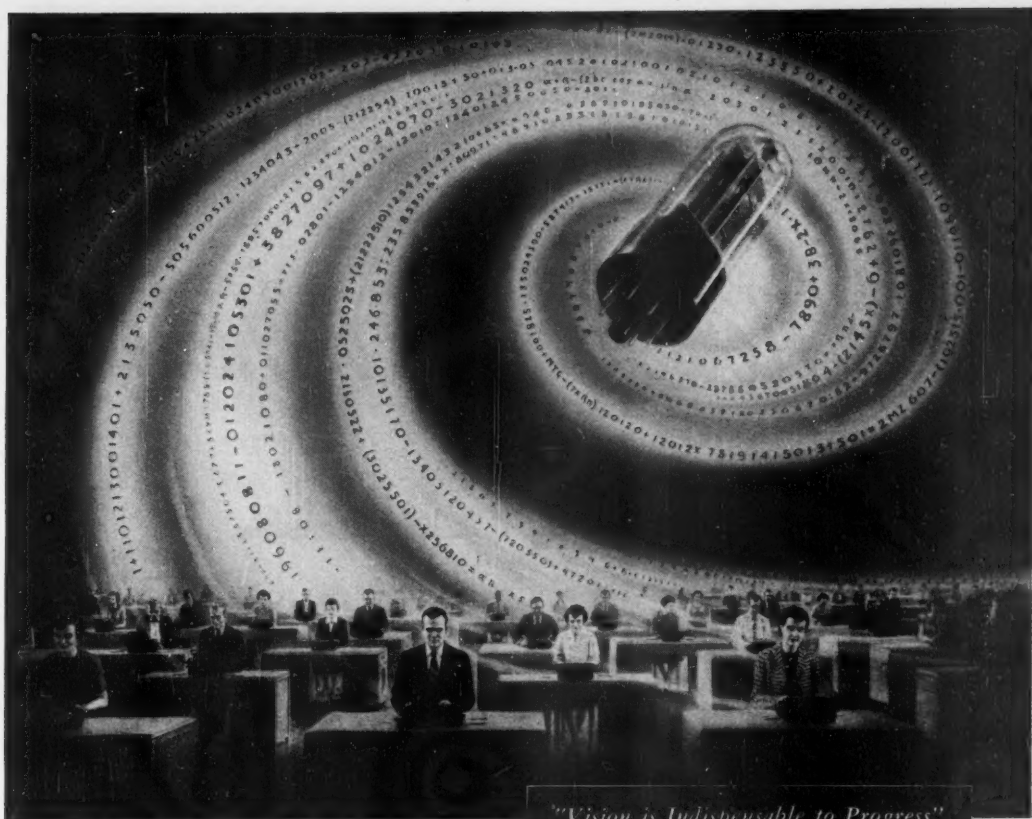
Trucks and trailers today are built for better performance . . . bigger payloads and profits! The men who buy them—and the men who build them—want to know they will stand up. Every hour a truck spends in the shop means valuable ton-miles lost. ☆ That's why the extra skill invested in Bower Spher-O-Honed bearings pays truck owners—and manufacturers, too—such handsome dividends. Basic advances in design and engineering, plus sound construction, have greatly reduced maintenance and made failure a rarity. ☆ For truly modern motor trucks and trailers—and every type of bearing-equipped vehicle and machine—be sure to specify Bower Spher-O-Honed bearings!

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is on the threshold of almost unbelievable advances. An automatic machine may some day read handwriting and type it out correctly! Scores of other new machines are being planned.

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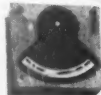
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This remarkable four-level junction provides four-direction interchange of Freeway traffic to and from two expressways, still in the process of construction.

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Master System of Expressways to Speed Traffic in Nation's Most Motorized City

The geography of Los Angeles, the vast reaches of its area, and its immense population gain have made it the most motorized city in America. With 4,000,000 inhabitants, Los Angeles County has over 1,500,000 registered automobiles. That's far more cars than in any other center of comparable size.

All this has added up to really spectacular traffic density, especially during rush hours and on occasions like a Rose Bowl game or a Hollywood opening. But if the city's traffic volume is breathtaking, so is the solution to the problem that city and state authorities have adopted: the Los Angeles Freeway System.

This far-reaching project will relieve choked downtown streets of much traffic, shifting it to an elaborate system of broad, limited-access express highways.

The Freeway is being built on a pay-as-you-go basis, and follows a long-range master plan geared to the city's expected growth. Full completion, involving the construction of many additional miles of highways, with scores of ramps and bridges, is still years ahead. Meanwhile, the California State Division of Highways is speeding work on the most-needed sections. A total of more than 50 miles of the Freeway has been built so far, and a further easing of traffic will follow

when an additional 44 miles of Freeway now under construction is completed.

Bethlehem Pacific Coast Steel Corporation, a subsidiary of Bethlehem Steel, is supplying a large amount of steel for the Freeway System, including steel H-piling for bridges, and many tons of concrete-reinforcing bars that were made at Bethlehem Pacific's nearby Los Angeles Plant.

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This Lev-R-Matic Drive Fork Lift Truck Easily Enters Truck Bodies & Low Clearance Doors... Yet Tiers 3 Pallets High!

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MODEL "E" TIER-MASTER: 2,000 lb. cap. with 72" Mast (Free Lift: 47"; Mast Hi. extended: 142") outside turning radius: 57".

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BUSINESS WEEK • Feb. 3, 1951



Career girl, 1965

Little Miss Telephone herself. Thirty-five members of her family have worked for the telephone company.

That's Karen Terry—She's just three and cute as a button. Already she's decided to be a telephone operator when she grows up.

There are many reasons for her choice. For Karen is related to an interesting telephone family in California. Thirty-five members of this family have worked for the telephone company in the past sixty-five years. Many still do.

Lots to Talk About—When Karen's Aunt Ella was asked what the dinner conversation is like when they get together, she said—"Why we talk shop, of course. All about the telephone company and our friends there."

It's that way with thousands of other families. One Bell Telephone Company found that 2800, or ten per cent, of its employees had members of their families in telephone work.

Stepping Ahead—A young man doesn't follow his Dad in a job unless Dad says, "Come along, son—you'll find it as good a place as I did." You won't find sister following sister, and brother following brother into telephone work without reason. They like the work and the company.

Good people in good jobs help to give this country the best telephone service in the world at low cost.

BELL TELEPHONE SYSTEM



Reliability..

Lamb Electric

SPECIAL APPLICATION
FRACTIONAL HORSEPOWER **MOTORS**

Long life, and dependable day-in and day-out operation, is a characteristic of Lamb Electric Motors which is the main result of engineering each motor to provide the exact mechanical and electrical characteristics required for the particular application.

Thorough dependability is but one advantage to be achieved with Lamb Electric special application motors. Other benefits are—reduced product weight, compactness, improved appearance and lower cost.

Our 36 years' experience, covering practically all types of motor-driven products, is available to help you obtain these results.

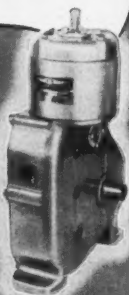
THE LAMB ELECTRIC COMPANY
KENT, OHIO

THEY'RE POWERING
AMERICA'S *Finest* PRODUCTS

Lamb Electric

SPECIAL APPLICATION
FRACTIONAL HORSEPOWER **MOTORS**

Your mail for
sawing turbine
with constant
speed capacitor
low type motor



A motor combining sensitive
performance with minimum size
and light weight for signal
apparatus, range finding and
other electronic uses.



Universal motor parts for
domestic vacuum cleaners and
other high-speed applications.

Highlights In This Issue

The Great Freeze

• The philosophy on prices and wages, the last-minute shifts in the order, the next steps. P. 21

Financing Snag

• The whole business of financing munitions contractors is working just the opposite of what Congress intended—because of a GAO ruling. P. 24

Could Be Worse

• Civilian goods are going to be cut back—but at least producers will get help on materials for their limited output. P. 31

Unemployed Dealers

• How can a producer keep his distributors alive when he has nothing for them to sell? One answer: Make them little manufacturers. P. 42

Squeezing Steel

• Even steel can be extruded—if you know how. P. 64

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Taft-Hartley Threat

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PLAYING CATCH WITH DOUGH BALLS—SLICK TRICK WITH NYLON

Those steel "fingers" are feeding balls of dough into a conveyor system in a bakery. The dough is then carried through a heat chamber to make it rise. The trays that carry the dough are covered with nylon fabric—and are another example of how nylon's properties solve unusual problems.

As the dough balls move through the heat chamber, they are dumped from one tray, then caught up by the tray below. This turns the dough, assuring uniform treatment.

This dump-and-catch process was a problem with the ordinary cloth coverings formerly used on the trays. Dough kept sticking to the fabric. This added up to a lot of waste, as well as causing badly formed loaves. Furthermore, the coverings had to be removed to clean off caked dough.

Nylon-covered trays have eliminated this problem. Nylon's natural "slickness" prevents pick-up of dough . . . means better-formed loaves. The nylon covers cut down on work because they seldom need cleaning. When they do, they wash easily, dry quickly. And the strength and heat-resistance of nylon fabric further assure long, trouble-free service!

This story of nylon's performance may give you an idea how its outstanding properties can improve a product, increase production efficiency—even make possible a new product. Nylon has all-around tough-

ness and durability . . . elasticity and flexibility . . . resistance to mildew, soil and marine rot, petroleum acids. And nylon fabrics can be heat-set to hold shape.

NEW BOOKLET, "Nylon Textile Fibers in Industry," contains 23 case histories, brings businessmen up to date on nylon's performance in industry. Write for your copy. And tell us your fabric or fiber problems. Address Nylon Division 101, E. I. du Pont de Nemours & Co. (Inc.), Wilmington, Delaware.

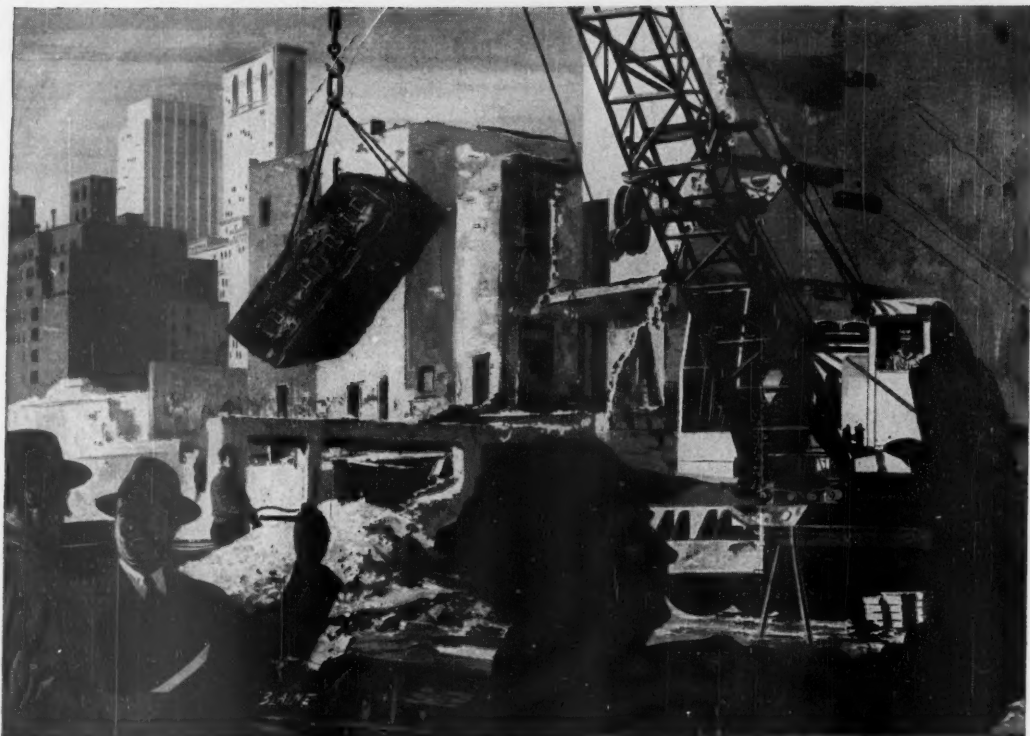


BETTER THINGS FOR BETTER LIVING
... THROUGH CHEMISTRY

DU PONT NYLON FIBERS

Although demand for nylon still exceeds supply, you may wish to evaluate its possible future applications in your own business. Note: Du Pont makes only the fiber—not the nylon fabric or finished product.

For nylon . . . for rayon . . . for fibers to come . . . look to Du Pont



The business that rose from its ashes!

Though the building was gone—this business lived to carry on the hopes and dreams of its owners.

Within the scorched Shaw-Walker Fire-Files, irreplaceable records remained clean, legible, untouched by the flames. Records of sales, contracts, new prospects, accounts receivable... their every important transaction survived the blaze.

Both building and business were insured but time loss would have meant disaster... for in business today, time is the critical factor.

Equip your office with this practical point-of-use protection now. It will pay its way in peace of mind and in steps and minutes saved every day. Shaw-Walker has "time-engineered" 34 types of fireproof cabinets to keep records safe, ready to use in seconds, before and after fire.

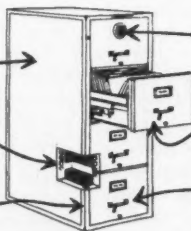
And there are Shaw-Walker desks, chairs, files, cabinets, systems, indexes and supplies—everything for the office except machines—each "time-engineered" for the needs of every job and worker.

If you are setting up a new business or merely wish to modernize worn, out-dated offices, make sure you use Shaw-Walker equipment throughout. It will help you make the most of every minute, every working day!

Time-rated, point-of-use protection saves steps—steps up production.

Each drawer an individual safe, insulated on all six sides.

Easy-operating drawers reduce fatigue. Free-coasting, float-bearing slides.



All Fire-Files equipped with locks—signal plunger or new manipulation-proof combination.

Foolproof latch on each drawer.

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BUSINESS OUTLOOK

BUSINESS WEEK
FEBRUARY 3, 1951



Controls over prices and wages were even less stern than expected. The markets—both for stocks and commodities—vouch for that.

Wall Street's response was perhaps easiest to read. Investors jumped in to buy stocks. Nothing they've seen yet convinces them that inflation will even be greatly slowed down. They want stocks—not cash.

Stocks, in the long run, may be disappointing as an inflation hedge.

Turning cash into stocks is an imperfect device at best. If corporate taxes are to be boosted further, if individual income rates are to be upped, and if the long-term levy on capital gains is to be raised from the present 25%, the imperfection will be magnified.

Then, too, the market is high by historical standards. Many old timers have thought for some time that they could spot danger signals.

And there is the Wall Street adage: "Always bet against the crowd."

Nevertheless, "the crowd" has been right for months. The bulls cite another market adage: "There's no use arguing with the tape."

Restraints on commodity markets as a result of the price order are due more to confusion over technicalities than to the new ceilings. In fact, pretty nearly the only future markets that didn't greet the "freeze" by rising were those that had to close, or feared they might (page 82).

These price controls may draw their only strength from what looks like their greatest weakness: the fact that they don't aim at a freeze.

Rigid controls just couldn't have been slapped on at this time. It's not just a matter of lacking an enforcement machine. The emergency is so indefinite—might last so long—that hard-and-fast ceilings would crack.

But, more than that, rigid controls would sap output incentives. We have to encourage arms production while adding to civilian capacity.

If that means higher prices here, higher wages there, then yield. Meanwhile, build acceptance for stabilization by sensible policies.

One of the "escalators" built into present price controls was in action this week—the parity formula for farm prices.

When the cost of things the farmer buys goes up, then parity goes up. On Tuesday, the Dept. of Agriculture outlined what had happened between Dec. 15 and Jan. 15: The index of prices paid by farmers (including interest, taxes, and wages) rose 7 points to 272.

That boosted parity all along the line (and farm crops that are below parity can't be ceilinged). Cotton's parity, for example, went up from 32 1/3¢ to almost 33¢ a lb., hog's from \$19.90 to \$20.60 a cwt.

Farmers should be doing all right, measured by the parity yardstick.

Prices of the things they sell went up 5% from mid-December to mid-January. That compares with a rise of only 3% in the things they pay for.

Thus the parity ratio—the relation of things sold to things bought—went up to 110. That means farm-purchasing power is 10% higher, by this standard, than in the base period (a base picked to favor the farmer).

But the gain is uneven. Where steers and cotton are far above parity, wheat and potatoes, poultry and eggs, milk and butter fat are below.

Farmers are getting a larger share out of the consumer's food dollar,

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
FEBRUARY 3, 1951

even as prices rise. The Dept. of Agriculture reports his cut now is 51¢ as against a pre-Korea 46¢. (The high was 54¢ in 1945.) From the consumer's meat dollar, the farmer gets an estimated 63¢.

Many manufacturers were disappointed when they saw their prices ceilinged, while prices of the commodities they buy and process were left free.

That's the case in most farm products. The farmer sells for what he can get. If the price rises, but still is below parity, the price order in effect tells the processor to add the dollars-and-cents rise to his ceiling, but not take his usual margin on the new cost.

Wheat is a case in point. Its price has gone up sharply since the price order was issued. This quickly boosted flour 10¢ to 25¢ a cwt.

Many dealers are hung up on the phrase "sold and delivered" between Dec. 19 and Jan. 25. This is particularly true in metals where contracts signed in a certain month generally call for delivery the following month, or even later.

The fellow who sold tungsten ore in the base period for February delivery, for example, set a price that was very different from that on the highest lot delivered in the base period. But he only sold, he didn't deliver. So the new price not only isn't his ceiling, it isn't even legal.

Cotton is going to present problems, price controls or no.

And don't think the ceiling problems aren't already here. The cotton exchanges didn't stay closed at the start of this week because they like to.

Raw cotton isn't price-fixed. Yet things made from it are. And cotton supplies are tight; if the price rises, processors will be squeezed.

Moreover, merchants and traders in cotton read the price order as saying that the high price at which each one sold the fiber in the base period is his individual ceiling. They want this changed to the market's high.

Officials all the way from the grass roots to Washington are pushing for large cotton plantings in 1951 to assure good supplies.

The goal is 16-million bales, one of the half-dozen largest crops on record. County agents are prodding farmers all over the Cotton Belt to plant all the acres that are available and suitable.

Chances are that plantings will be large unless the price drops a long way from today's level of nearly 45¢ a lb.

Volume of industrial production quietly marched to a new high while practically everyone was watching prices.

The Federal Reserve Board's index was on a plateau late in 1950 in the area between 214 and 216. But the board believes that, when the January returns are in, the figure will have risen to about 220.

That's the highest ever for peacetime and compares with a wartime high of 247 late in 1943.

Omitted from the order limiting the use of nickel in so many products: a ban on the nickel itself.

In New York, where the old 5¢ ride on the subway or bus and the coin-box phone call all have gone to 10¢ in the fairly recent past, the dime now is known as the Truman 5¢-piece.

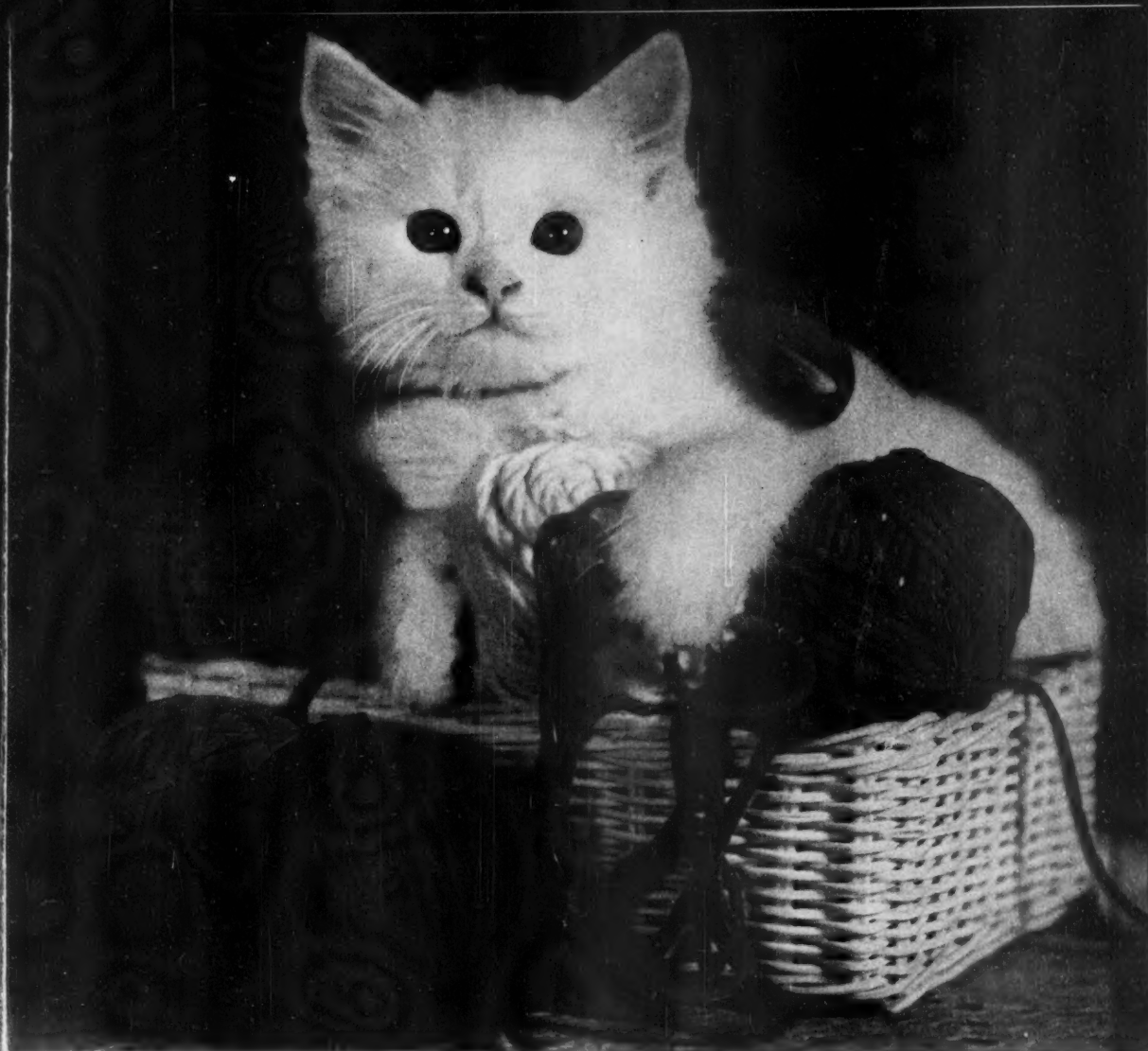


Photo by Henleigh Kisteen-Shostal

Nine lives for colors, too!

HAVE you noticed how much more durable the colors are in the fabrics you buy today? No longer need you worry about dyes that fade, streak, run or otherwise mar the beauty of your belongings.

This new color stability is the result of constant research and dyestuff development in which American Cyanamid Company's Calco Chemical Division plays a leading part. Calco is continually perfecting new and better dyes with "nine lives"—greater fastness to sunlight, water, detergents, salt air, mildew, perspiration, acids and alkalies, "crocking" or rubbing off, and other enemies of color and fabric beauty. Similar stability is given by Calco to dyes for leather, rubber, paper, plastics, linoleum and other materials. It means longer service and greater satisfaction from scores of products in everyday use!

Calco's service in dyestuffs is another way Cyanamid chemistry is helping to make your purchases more attractive, varied and useful.



AMERICAN *Cyanamid* COMPANY

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Supplying color... dyes and pigments... to industry is another of Cyanamid's many services

Finest printing costs less

for the Illinois Central...



**...thanks to the revolutionary economy
of *Consolidated* Enamel Papers**

Whether it's a switchman's new baby or the Illinois Central's 100th Anniversary this month, almost nothing that happens along the Main Line of Mid-America escapes the *Illinois Central Magazine*.

It is this kind of alert reporting, served family-style, that has won many friends for this pioneer railroad magazine. In doing so, it has also built a monthly circulation of some 50,000 copies that literally "eats up" tons of fine enamel printing papers each year.

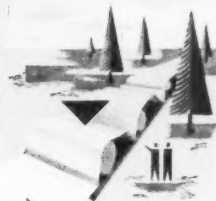
To maintain highest quality and still fulfill

this increased demand, the *Illinois Central Magazine* switched from old style, premium-priced enamel papers to Consolidated Enamels. The saving—due entirely to the revolutionary method by which Consolidated Enamels are made—averages 15 to 25% of the net paper cost.

We hope you'll see a copy of *Illinois Central Magazine's* big February Centennial Issue. It will give you an opportunity to examine first-hand the fine printed results Consolidated Enamels deliver at *lowest cost*.

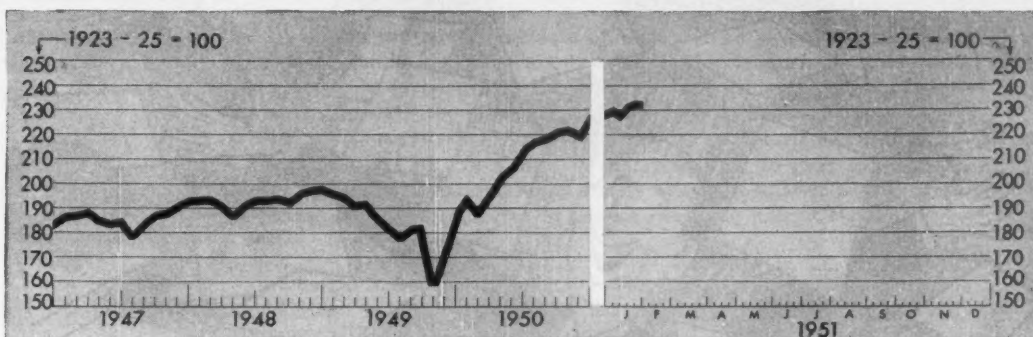
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many costly steps still
required by other
papermakers and
produces highest quality
paper, simultaneously
enameled on both
sides, in a single
high-speed operation.

FIGURES OF THE WEEK



Business Week Index (above)

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1947 Average
Steel ingot operations (% of capacity).....	101.3	100.9	98.2	93.1	97.3
Production of automobiles and trucks.....	165,426	162,485	135,229	141,036	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$56,158	\$55,082	\$49,725	\$31,365	\$19,433
Electric power output (million kilowatt-hours).....	6,970	6,909	6,479	5,972	3,130
Crude oil and condensate (daily average, 1,000 bbls.).....	6,066	6,051	5,768	4,956	3,842
Bituminous coal (daily average, 1,000 tons).....	1,863	1,970	1,838	1,210	1,685

TRADE

Miscellaneous and L.c.l. carloadings (daily average, 1,000 cars).....	79	77	76	67	86
All other carloadings (daily average, 1,000 cars).....	51	53	49	36	52
Money in circulation (millions).....	\$27,028	\$27,200	\$27,916	\$26,913	\$9,613
Department store sales (change from same week of preceding year).....	+31%	+31%	+18%	none	+17%
Business failures (Dun & Bradstreet, number).....	193	167	125	232	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), Dec...178.4			175.6	167.5	105.2
Spot commodities, daily index (Moody's, Dec. 31, 1931 = 100).....	528.3	528.0	512.5	355.3	198.1
Industrial raw materials, daily index (U. S. BLS, Aug., 1939 = 100).....	381.2	381.2	357.5	221.9	138.5
Domestic farm products, daily index (U. S. BLS, Aug., 1939 = 100).....	405.7	402.7	387.1	302.7	146.6
Finished steel composite (Iron Age, lb.).....	4.131¢	4.131¢	4.131¢	3.837¢	2.396¢
Scrap steel composite (Iron Age, ton).....	\$47.75	\$46.08	\$45.09	\$27.08	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	24.500¢	24.500¢	24.500¢	18.500¢	12.022¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$2.40	\$2.38	\$2.40	\$2.24	\$0.99
Sugar, daily price (raw, delivered New York, lb.).....	5.91¢	5.99¢	6.34¢	5.79¢	3.38¢
Cotton, daily price (middling, ten designated markets, lb.).....	#	44.66¢	43.47¢	31.38¢	13.94¢
Wool tops (Boston, lb.).....	\$4.40	\$4.10	\$3.70	\$2.11	\$1.41
Rubber, daily price (ribbed smoked sheets, New York, lb.).....	72.00¢	71.80¢	79.00¢	18.54¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	170.6	169.1	163.1	134.5	78.0
Medium grade corporate bond yield (Baa issues, Moody's).....	3.16%	3.17%	3.19%	3.23%	4.33%
High grade corporate bond yield (Aaa issues, Moody's).....	2.65%	2.66%	2.66%	2.58%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	14-14%	14-14%	14-14%	14-14%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	14-2%	14-2%	14%	14-14%	4-8%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	51,643	51,702	51,642	48,514	1127,777
Total loans and investments, reporting member banks.....	70,384	70,449	71,789	67,818	1132,309
Commercial and agricultural loans, reporting member banks.....	18,018	17,972	17,839	13,871	116,963
Securities loans, reporting member banks.....	2,274	2,182	2,478	1,900	111,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	32,443	32,634	33,674	38,077	1115,999
Other securities held, reporting member banks.....	6,503	6,515	6,516	5,162	114,303
Excess reserves, all member banks.....	638	1,009	790	802	5,290
Total federal reserve credit outstanding.....	21,608	21,923	21,720	18,300	2,265

*Preliminary, week ended Jan. 27.

††Estimate (BW-Jul.12'47,p16).

#Markets closed.

‡Date for "Latest Week" on each series on request.

†Revised.



Throw the price lists away

WHEN FIGURING YOUR PAINTING COSTS

Yes, we're sincere about it . . . "Throw the price lists away". They don't mean a thing. And here is positive proof.

Your price lists may show that Barreled Sunlight costs a few cents more per gallon than other good paints. You would think it might cost more to do a maintenance paint job with famous Barreled Sunlight, but that is wrong. It won't.

Why? Because when properly thinned a five-gallon can of Barreled Sunlight gives you six gallons ready for the brush. So you save from the very start by buying less paint.

But that is only 20% of the story. The big factor . . . the 80% of the cost of any paint job . . . is *in your labor*. This is where Barreled Sunlight, with its faster flow, better coverage and greater yardage per man hour really saves you money.

This simple test will prove it! Compare a gallon of Barreled Sunlight with a gallon of any other paint . . . *paint it on a wall*. Compare them for appearance, square feet of surface covered *and time involved for application*.

Such a test will convince you that Barreled Sunlight can give you a better-looking, longer-lasting paint job for less money than any other paint.

BARRELED SUNLIGHT PAINT CO.
1-8 Dudley St., Providence, R. I.



Barreled Sunlight *Paints*

In whitest white or clean, clear, pleasing colors,
there's a Barreled Sunlight Paint for every job

IT ALWAYS COSTS MORE NOT TO PAINT!

WASHINGTON OUTLOOK

WASHINGTON
BUREAU
FEB. 3, 1951



Soon you will have a measure of what civilian shortages are ahead. Thus far, cutbacks have been largely a matter of guesswork. But this week, the National Production Authority started preparation of a giant "bill of materials." It will show the military and essential supporting needs for metals, and thus provide a yardstick of what's left for civilian output.

It's part of CMP, the Controlled Materials Plan, to start July 1. And on the basis of the material requirements list, it looks as if most makers of civilian hard goods will stay in business, on some scale at least.

What NPA is doing—in practical effect—is splitting materials between an "A" and "B" list, with the "A" list getting first call and the "B" list getting what's left.

Military contractors and subcontractors will get the first call, of course. NPA has asked the military to itemize its requirements for steel, copper, and aluminum, by quarters, for all this year and next. This will show what's needed for direct military production—the "A" list.

Next come supporting needs and standard-make components for munitions. These head the "B" list of requirements. In actual operation, producers in these fields will have a top priority, alongside military contractors.

The essential services are ticketed thus: communications (telephone, telegraph, radio); transportation (rail, air, water, highway, pipelines); electric power; mineral production; farming; food processing; welfare, such as schools; hospitals; necessary housing.

Expansion of basic capacity, such as facilities for steel production, and new plants needed for defense also are at the top of the "B" list. They will get their necessary allotment.

Civilian hard goods come next, after the military and essentials. In splitting up the "leftover" metals, NPA will be guided most by (1) what's needed to keep the civilian economy strong, and (2) civilians happy. Morale rates a top consideration in limited mobilization.

Auto production won't be stopped, short of war. Autos are a part of the nation's transport system, and a key "living-standard" item.

Trucks, however, outrank autos. Not only are they a military need, but they are high on the list of necessary exports to keep trade flowing.

Radio is on the list of civilian requirements, which means there's no intention of stopping production before all-out war.

Television is in the same category, with sets and parts to stay. They are regarded as a morale builder.

Home refrigerators will rank alongside commercial equipment. But the chances are they will be cut deeper than the commercial units.

Home washing machines, also like commercial equipment, are slated to stay in production. They help free women for factory work.

Food-processing equipment, both home and commercial types, is on the "B" list, which means they will get metals.

Other "B" list items include office machinery, dry cell batteries, light

WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
FEB. 3, 1951

bulbs, kitchen utensils, farm machinery, construction equipment, chemicals, freight and passenger cars, containers and packages, tires, light meters, transformers, photographic equipment, etc.

Looking after the "B" list is up to the various claiming agencies—Agriculture for farm machinery, Interior for power, natural gas and oil, etc. (For a full list of claiming agencies, see page 31.)

Civilian shortages will spread and become more acute. Officials say so privately, though they are under pressure to keep such talk down to a whisper, lest it stimulate scare buying. But the prospect on which most officials agree is that things made of metal will be harder to find as the year wears on—and higher-priced, despite price control.

Now comes the price-wage thaw, right on the heels of the freeze. You will see a series of relaxations on both fronts.

On prices, stable business and living costs are not the sole object. DiSalle is under pressure to juggle his ceilings around so as to encourage production of essentials and discourage nonessentials. This mixes profit control in with price control.

On wages, controller Cy Ching thinks more in terms of labor peace than of any fixed wage level. He wants flexibility, for merit raises, seniority raises, fringe benefits, or for a general rise to stop strikes. Ching will quit shortly, but the policy will remain soft.

The prospect doesn't add up to a hold-the-line policy. The signs point, instead, to an experiment in controlled inflation, with wages and prices rising steadily under government direction.

A pay-as-you-go tax policy is getting lip service as an inflation weapon. But there's no certainty that Truman will drive it through Congress. A \$16-billion boost is needed to balance the budget through fiscal 1952. That means soaking everyone, not just big-income business and people.

Percentage depletion is a fringe fight that always pops up when there's a big tax bill. But Congress is reluctant to cut the allowances, especially when mobilization is making demands on resource industries.

Taxing co-ops is another perennial. But this time, odds favor taxing those that compete with taxpaying businesses.

V-loan financing of defense contracts has been snagged by the General Accounting Office. GAO won't accept a clause that would close contracts to back government claims for taxes, etc. (page 24). The result is that banks are reluctant to consider contracts collateral.

Contract termination also is having GAO trouble. The military wants to make "fast, fair, and final" settlements. But GAO wants to audit the books, which would mean long delays. The military likely will win out.

Sanctions against Red China are favored by the State Dept. as a followup to this week's U. N. vote finally naming China an aggressor. But there's doubt that the U. N. will go along with the U. S. on this. Our Western allies, especially the British, are afraid sanctions will lead to a bigger war in the East and have warned we may have to fight alone.

Hypro ENGINEERING, INC.

Manufacturers of Pumping Equipment

404-10 WASHINGTON AVENUE NORTH

GENEVA 8905-6

MINNEAPOLIS 1, MINNESOTA

December 20, 1950

The International Nickel Company, Inc.
67 Wall Street
New York 5, N. Y.

Attention: Development and Research Division

Gentlemen:

We wish to thank you for very valuable help given to us by your technical staff.

Prior to consulting one of your technical field men in this area, we had no idea of the wealth of information and practical experience that your staff offers manufacturers with metal problems.

Our particular problem was complex, since both erosion and corrosion troubled farmers spraying liquid insecticides and weed-killers with our tractor-mounted pumps. Pump cases of bronze, while adequate in corrosion-resistance, failed from erosion by solid particles of lime, talc and similar abrasives in slurries speeding through the equipment.

The work of your technical men reached from our own plant, right down to the foundry that supplies our vital castings. Such cooperation extended over a period of months and helped us secure a material that outperforms any heretofore used in our product.

Our sincere thanks go to International Nickel for providing this remarkable help to us without obligation of any sort.

Very truly yours,

HYPRO ENGINEERING, INC.

Harry Sadler

Harry Sadler
President

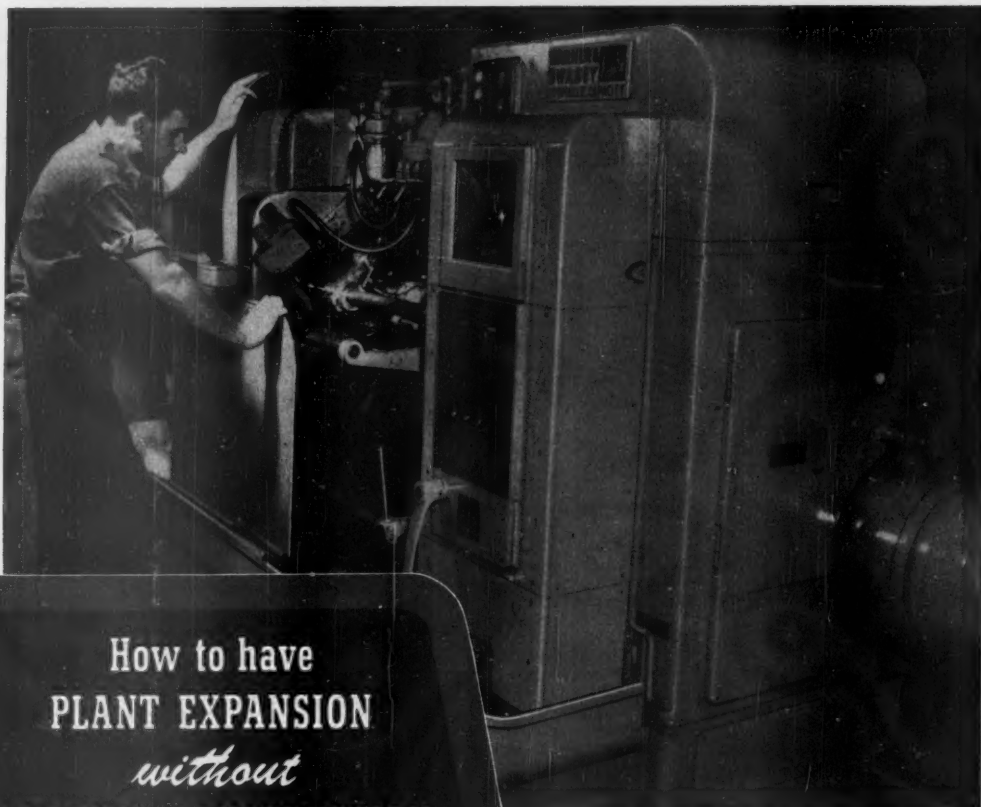
**An example
of INCO
Technical
Assistance**

Because of unusually heavy industrial and defense demand, rationing of nickel has been in force since July 1st. On January 1, 1951, National Production Authority Order M-14, respecting the consumption of primary nickel, went into effect. We shall continue to issue

information on new developments and user experience with nickel-containing materials as we believe that dissemination of technical data and service experience can help to promote the intelligent utilization of critical materials, so essential in these times.



THE INTERNATIONAL NICKEL COMPANY, INC. 67 WALL STREET
NEW YORK 5, N. Y.



How to have
PLANT EXPANSION
without
BUILDING CONSTRUCTION

Alloy Steel Products Co., Linden, N. J.
finds the answer in
WARNER & SWASEY AUTOMATICS

ALLOY STEEL PRODUCTS makes stainless steel valves for the chemical and oil industries. Production, limited to short runs, had been done profitably on turret lathes . . .

But now with *more* volume needed, there wasn't room for more lathes, and construction costs for plant expansion was prohibitive. Sub-contracting was tried, but these costs threatened to throw selling prices out of line.

The new CAMLESS Warner & Swasey 5-

Spindle Automatic provided a solution. On these machines short and medium runs are practical, and Alloy Steel Products Company handles 69 different jobs in lots of 200 to 500, *profitably* on this new type automatic.

No investment in cam stocks—no set-up man was needed!

Volume—better in quality and finish—stepped up to an all-over average increase of 50% without need for additional floor space.



to set up a Warner & Swasey CAMLESS Automatic!

Turret Lathes, Multiple & Single Spindle Automatics, Precision Tapping and Threading Machines



- Little companies have taken a beating since Korea. In a semiwar, it's politically impossible not to do something for them.
- So Defense Dept. has directed the services to spread their contracts across industry as widely as possible.
- Thus small business has won at the top. But of actual prime contracts, it won't see many.
- Subcontracting is its meat.
- Net effect is a policy that still favors big business for major defense jobs, seeks only to break up orders through subcontracts.



Chief Mobilizer Charles E. Wilson

What Small Firms Will—and Won't—Get

Charles E. Wilson went before the Joint Economic Committee of Congress last week, prepared to talk about an overriding economic issue: How do you manage to load an arms program on an already bursting economy?

• **Talked Down**—He never got a chance. Instead, Wilson quickly found himself besieged by congressmen and senators, throwing at him a dozen variations of this question:

"What are you doing about getting more government orders for small business?"

The congressmen were merely passing along to Wilson the deluge of anguished calls they've been getting from constituents. Ever since Korea, thousands of small industrial concerns have been taking it on the chin—mainly from materials shortages. Before the government stepped in to take control, the small businessman didn't have any place to complain, except to his regular supplier. And he knew that wasn't much help. But, when Congress passed the Defense Production Act last fall, the small business outcry began to take effect.

• **U.S. Should Fix It**—To many a small businessman, his problem now seems almost this simple: "The government has fixed it so that I can't make what I want to make. So why shouldn't the government fix it so that I can take on production of the

things the government wants made?"

When there's a shooting war on, this kind of complaint is one that officials can pretty much ignore. But during the present mobilization, the foundering of thousands of small businesses is too hot a political issue to be ignored.

• **Look at the Record**—Already, the anti-big-business bloc in Washington is crying that the industrial giants are gobbling up most of the government contracts—just as in World War II. Here are the kinds of figures they use—mostly from Smaller War Plants Corp. surveys—to dramatize what happened last time:

About 51% of the prime contracts went to 33 corporations, and 67% to 100 companies. Prime contractors subcontracted only about one-third of the value of their contracts, and most of the subcontracts didn't go to really small outfits.

Their conclusion: The government, and especially the procurement officials, has been taking the easy way out, handing the contracts to the big outfits, thus fostering additional concentration and monopoly.

• **Official Policy**—Against this background, it's easy to see why it is Administration policy, officially announced by President Truman and Secretary of Defense George Marshall, to spread out defense buying. Also, the military is

at least paying lip service—maybe more—to the idea of keeping some flow of materials to small civilian-goods producers, so they won't have to shut up shop.

Marshall has directed the Army, Navy, and Air Force to distribute their contracts "across industry as widely as possible in order to broaden the industrial base of our procurement program." Among other things, Marshall said procurement officials should pay particular attention to:

- Distribution of contracts among the maximum number of competent suppliers.

- Use of available industrial capacity to the maximum.

- Fullest possible use of small business concerns.

- Use of competition and multiple awards in negotiated contracts.

- Encouragement of subcontracting by prime contractors.

• **Victory, But**—Coming at the outset of a flood of billions of dollars of military orders, this policy represents a real victory for small business. Still, it's a long way from Secretary of Defense Marshall in the Pentagon down to the officer in New York, or Detroit, or New Orleans, who is placing an order for a military item. The procurement officer now has the authority to negotiate a contract, and he naturally turns to companies he knows can deliver the quantity

and quality desired—and on schedule.

• **Left With Subcontracts**—What it all amounts to is this: Though manufacturers of soft goods and housekeeping items have a good chance to sell to the military, small hard-goods producers are pretty much out. The easy-to-make items that built their profits in the last war aren't needed now; the warehouses are full of them. Further, this mobilization is aimed primarily at broadening our industrial base—the heavy stuff like steel and aluminum.

With a few exceptions, the 100-man tool shop had better figure on subcontracting—nothing more.

A handful of extra companies will get prime contracts as the result of the policy of always having more than one supplier for a military item. Kaiser-Frazer will make the famed Fairchild Packet plane. Ford will make Jeeps again. Jet-engine contracts are being given to companies other than those who developed them. Chrysler will make tanks, as well as Cadillac.

But these contracts obviously aren't for small fellows. However, they do tend to fan out the subcontracts. Chances are that Kaiser-Frazer, for example, will subcontract with companies that aren't supplying Fairchild.

• **Money to be Made**—Subcontracting is good business, too. For many military items, the subcontractors' share runs much higher than the Smaller War Plants' average figures seem to indicate. For instance, on about \$1-billion worth of airplane contracts, Boeing Airplane subcontracts work to almost 400 companies—who get about 63% of the cost of the planes. Other aircraft companies also buy more than they make themselves.

• **Pressure Is On**—As a result of the switch to negotiated bids, you can expect procurement officers to put pressure on prospective prime contractors to subcontract out more of the order than they might do normally.

In fact, on critical components—a vital electronic gadget, for example—the Air Force may require a prime contractor to subcontract a specific part, perhaps to a specific company. The Army and Navy haven't used such contract provisions thus far, but it's conceivable that, if things get really rough, more of this mandatory subcontracting could be ordered.

• **Big Business Favored**—Essentially then, government policy sums up to this: The U.S. will do its best to see that small companies aren't forced to the wall. But it won't let this interfere with getting contracts filled—which means favoring big business. This same thinking applies to antitrust. There'll be some suits involving price fixing, limitation of production, and withholding from the market. But splitups of big business are over for the duration.

New Companies Start in Steel

Dizzying demand, plus privilege of quick writeoffs for plant, brings a rush of new names to the industry. Among the arrivals: Green River, Gibraltar, and Tennessee.

There's a rush of newcomers to the steel business. Steel companies will be popping up all over the landscape in the next two years—if many of the plans for them materialize fully.

• **Tax Lure**—Two things mainly are responsible: (1) the dizzy demand for steel; and (2) the fast writeoff of new plant for tax purposes. These are the same reasons established companies in the steel industry have been expanding so rapidly.

All during World War II, only one company started from scratch in the steel industry. That was Kaiser Steel Corp., with its plant at Fontana, Calif. No new companies got going at any time during the postwar period, though steel supply continued to be stretched tight. Of course, there were some "new" companies—new names for old facilities. But nothing was built by an entrepreneur from the ground up.

• **Big Plans**—This week the government made a rough count of dollars involved in applications for rapid tax writeoffs covering all kinds of steel-making facilities. They added up to \$3-billion, 23-million tons of ingot capacity, 12-million tons of pig iron capacity, and 11-million tons of coke capacity. So far, applications for \$1.8-billion have been approved. Officials guess 80% of the proposed facilities will be built.

A large percentage of what is involved can be checked off for the well-known names in the steel industry—Jones & Laughlin, Republic, Great Lakes, Youngstown Sheet & Tube, Armco, and Crucible, for example (BW—Jan. 13 '51, p. 79). Then, too, it is well established that the New England steel mill is on the approved list. It is scheduled to be built with 1-million tons of ingot capacity at New London, Conn., whenever the necessary financing can be arranged.

• **Newcomer Approved**—But one of the first companies to get a necessity certificate entitling it to accelerated tax amortization was a brand-new entry—Green River Steel Co. Its application covered facilities estimated to cost slightly over \$8-million. That will not buy a lot of steel-making capacity. But Green River's president, Sidney Williams, has said for some time that there is room for a lot of little furnaces and a lot of little rolling mills in this country. Williams has been connected with at least three steel companies over a period of 20-odd years.

Green River has already purchased

127 acres at Owensboro, Ky. It expects to have a mill turning out electric steel there in nine to 12 months. Arrangements are made to get its power from the municipal electric plant, gas from the Texas Gas Transmission line, and scrap brought in by barge from the South and Southwest.

• **Michigan's Gibraltar**—Cyrus Eaton, Cleveland financier, heads a syndicate that announced plans this week for a new integrated mill of 1.6-million-ton capacity at Trenton, Mich. Government money would finance a large share of the new company, christened Gibraltar Steel Corp. About \$100-million will be required all told, with \$90-million sought from RFC, and the other \$10-million from a public offering of 1-million shares at \$10 a share.

Heading up the deal along with Eaton are Max Zivian, president of Detroit Steel Corp., and Carleton W. Higbie, Detroit bond underwriter and broker. Zivian and Eaton were involved in a deal a little more than a year ago. That was when Zivian's bustling finishing mill at Detroit acquired the physical assets of Portsmouth Steel Corp. and became an integrated operation (BW—Nov. 12 '49, p. 20). Eaton still heads Portsmouth, which is now a holding company, in effect, with assets in cash or stock in Detroit Steel and Cleveland-Cliffs Iron Co.

• **Tennessee Steel**—A \$10-million non-integrated steel mill is ticketed for the hills of Tennessee. A group of coal mine operators and mining engineers have formed Tennessee Steel Corp. They picked a site for the plant at Oneida, Tenn. Plans of the company call for erection of an electric furnace with a rated melting capacity of about 136,000 tons of steel a year.

• **More Entries**—Another syndicate has formed North American Steel Co. at Clinton, Iowa. It may turn out to be a high-volume mill of as much as 1-million-ton capacity, but limited to finishing operations.

Hofman Industries, Inc., plans to make cold-rolled steel at Sinking Springs, Pa. The government has already approved its tax certificate for \$241,800.

Hazelton Steel & Tubing Co. has approval for \$4,275,340 of facilities at Hazelton, Pa. It is an established company, which has been buying steel for fabrication but now intends to roll its own.



DEFENSE CHIEFS DiSalle, Wilson, Johnston. Their price manipulations aim at . . .

Letting Prices Spur Production

Planners know they can't rigidly control prices unless there's war. So they're going to concentrate on maximum production through incentives, rather than attempting to hold the line.

The jumble and confusion over the price-wage freeze has so far obscured the Administration's stabilizing philosophy. But officials responsible for stabilization—Wilson, Johnson, DiSalle, Ching, and the rest—are working on a definite theory:

- Short of war, neither labor, business, nor the farmer will live with rigid ceilings on his wares.

- So costs will continue to rise; the best you can do is try to control the rise.

- Meanwhile, channel production into essential goods by letting profits go up—or down—through price manipulation.

The Administration's plan is to concentrate on maximum production, rather than to hold the line.

That is simply making a virtue out of political necessity.

There's some logic to it, too. Production, not ceiling prices, is what the Soviets fear. What Washington means to do is use the incentive effect of the price system to get the production it wants.

But this philosophy would mean that government would be arbitrarily fixing profits, company by company. A few businessmen might delight in it, others wouldn't—depending on whose ox was gored. It will be hard, though, to oppose the philosophy frontally—if only

because it won't be stated clearly. No one can point to any single edict to prove that the policy exists. It is going to take dozens of separate orders to show the trend.

- **Nothing New**—Price-control-for-production isn't really new. The old Office of Price Administration was backing into it on a fairly general scale toward the end of World War II.

Indeed, incentive pricing was used in spot situations—to get more vegetable oils, for example—as early as 1942.

Now the Economic Stabilization Agency is deliberately taking this approach at the outset. The seed of the policy is in the word "flexible," as used by Johnson, Wage Stabilization Board chairman Cyrus Ching, and other policy makers.

Johnson says: Regulation of prices and wages must be flexible to stimulate production.

Ching says: Regulated wage increases are better than strikes.

White House advisers say: Manipulate prices in such a way as to discourage nonessential output, give incentives to essentials.

- **Avoiding Strikes**—Wage controllers are especially aware of the difficulty of getting union cooperation. Ching and his staff know full well they will have to be soft if major strikes are to be avoided (page 88).

Frankly, though not in so many words, wage controllers say that mediation is their definition for stabilization. And when you mediate, you make concessions.

At the very start, labor will be permitted to even up wages at 10% above January, 1950. This leaves plenty of room for General Motors workers to ride their escalator clause at least until June. Whether Ching stays or goes, the wage lid will be a sieve.

- **Absorbing Costs**—The price controllers are reconciled to including increased wage costs in profit margins. One of Michael DiSalle's first orders after the freeze will hold dollars-and-cents profit margins at the Jan. 25 level, allow additional costs to be tacked onto prices.

This "profit freeze" is supposed to be temporary, too. But since mere control of profits is not the primary goal, ESA wants to start selective incentive pricing soon.

- **How It Works**—Mechanically, all ESA has to do is decide which applications for margin relief to grant. In the case of an "essential" commodity, DiSalle would lean over backwards to give the producer something extra to keep him interested. On the other hand, where a gadget maker is using manpower and materials, ESA would find it easy to say no.

This kind of manipulation would need Olympian judgment—and powers that DiSalle does not now have. But it would make these problems easier to cope with:

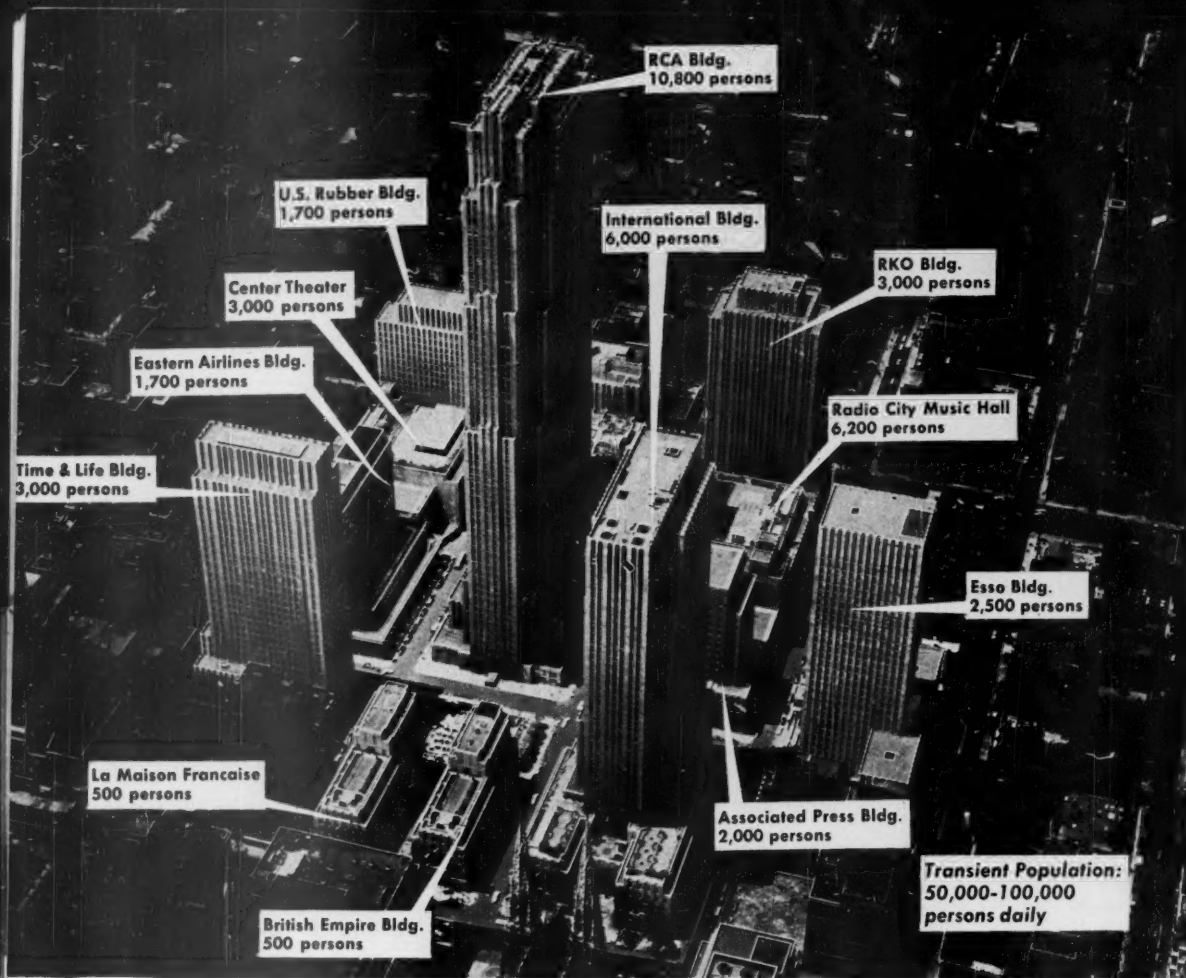
- **Upgrading**—Dropping low-profit lines and using the labor and material for high-priced, high-profit lines. During the last war this led to the disappearance of the \$1.98 shirt, its replacement by the fancy \$6-white-on-white shirt.

DiSalle has already got some help from Truman, who directed National Production Authority to tell manufacturers what price-lines they can make with allocated materials. A mandatory order is still some time away.

- **Quality Deterioration**—Using cheaper materials without lowering price. DiSalle could check this by grade labelling if Congress would let him, but Congress won't.

- **Blackmarketing**—DiSalle hopes to keep some of it down by having a limit put on licensing of slaughterers. But a more generous legitimate price would be his ace in the hole.

DiSalle's biggest problem in making incentive pricing work would be administration. Who is to say what items will get a special margin, either up or down? How big should the incentive be? Thousands on thousands of items would be up for constant review. Even with a full staff the job could be a back-breaker.



Sheltering 135,000 from Bombs



New York City, a "prime target area" in case of war, has been grimly preparing for the protection of its citizens against the A-bomb. Last week—Civil Defense Week—it took a look at the preparations made so far and found them pretty good on the whole.

One reason is the cooperation of some of the bigger buildings on Manhattan Island—at the bulls-eye of the target area. Rockefeller Center, the biggest of these cities within a city, is a case in point.

• **1,000 Workers**—It has already set up an organization of 1,000 civil defense workers to help protect the 35,000 residents and 100,000 transients who are in and around its 15 buildings daily.

When the air-raid warning sounds, every regular tenant will go to a predetermined "shelter area." Only the top



VOLUNTEER FIREMEN, organized long ago at Rockefeller Center, now fit into new civil defense program.



FIRST AID carts in several spots can be easily moved around. They contain all kinds of emergency medical supplies.



SHELTER SIGNS direct transients in area to safety in the lower concourse.

five floors of each building will be evacuated; the people in them will go to designated shelter areas on the lower floors. These areas are in the center of the buildings, away from windows and open areas. Heat, radiation, and flying glass are the prime dangers in the blast of an atomic attack.

• **From Public Areas**—Rockefeller Center has made just as careful plans to shelter people on the streets and in restaurants, and ice skaters on the plaza. Several hundred signs have already been strategically placed to direct these people to safety.

The place assigned to them is the lower concourse of the center, one floor below street level. This is a series of corridors nearly a mile long, and is probably big enough to accommodate everyone in the center's public areas at any given moment. (There are two concourses below this one, used for maintenance—pipes, wiring, etc. These

will not be used as shelters because of the possible danger from bursting steam pipes and water mains.)

• **Equipment**—All shelter areas have equipment boxes containing tools like fire axes, shovels, pinch bars, and flashlights.

Rockefeller Center feels that maintaining communications, no matter what happens, is of utmost importance. So it has ordered walkie-talkie radio equipment with which to tie in all buildings in case of phone or other power failure. (Walkie-talkies have been tested in the center; they work well in spite of the steel in the buildings.)

• **Fires and First Aid**—The center has always had a sort of private fire department. Each building has a hand truck loaded with fire-fighting equipment, helmets, and searchlights. There is now a special emergency truck with oxygen inhalators, gas masks, and so on.

Spotted around the buildings are

carts with first-aid supplies. On hand are 75 cots and 100 blankets, as well as 150 stretchers (50 more have been ordered). The center has coordinated its work with the medical staffs of the larger tenants; doctors have been assigned specific areas to cover. Intensive courses are being given to train several first-aid workers for each floor.

• **Panic**—The prime concern, of course, is panic. To offset it, the Rockefeller Center civil defense people have given specific jobs to almost everyone. Also, they have assigned routes for evacuation from top floors to every individual. That's so everybody won't try to get down a single set of fire stairs.

Rockefeller Center believes that it can get everyone in the area to a shelter within about four minutes. That will mean that everyone has at least one layer of concrete between him and the blast—a tremendous protection in the event of an atomic explosion.

Bureau Stymies Defense Loans

General Accounting Office ruling on "set-offs" causes banks to reject government contracts as collateral. Congress may act to restore flow of private funds to contractors.

A bureaucratic decision is holding up financing of a large hunk of the U.S. defense program.

You, personally, may have bumped up against it if your banker refused to lend you the money you need to fill a defense contract.

Under the present law, there are supposed to be three ways you can get special loans to finance defense contracts:

- V-loans, under which Federal Reserve Banks can guarantee all or part of defense loans made by banks in their districts.

- Strictly private loans made by banks to contractors, with the government contract serving as collateral.

- Loans made directly by the government to the contractor from the \$600-million provided under the Defense Act.

Now the first two of these types have been hopelessly snagged by a ruling made by the General Accounting Office. GAO is not one of the President's executive offices. It was created by Congress to check on federal spending, and is responsible only to Congress.

Paradoxically, the GAO ruling has the effect of overruling the wish of Congress clearly expressed in the Defense Production Act: that the government shall make no direct loans to industry where private sources can possibly do the job. With many private sources closed, contractors are flooding Washington with loan applications.

- **Earlier Financing**—The GAO's decision involves an innocent-looking legal technicality. To understand it, you have to see how defense production was financed in World War II.

The vast need for military equipment in the early 40's forced the services to turn to thousands of small and medium-sized firms. Often the size of a contract was many times greater than a contractor's total assets. But, in the absence of collateral, banks were unwilling to lend three or four times a firm's net worth.

Of course, a claim against the government would constitute collateral. But prior to 1940, the law forbade assignment of a claim against the U.S. So, to expedite defense production, Congress passed the Assignment of Claims Act, which permitted such transfer; that made a government contract equivalent to money at the bank.

- **"No Set-Off"**—The banks insisted that the military write "no set-off"

clauses into contracts with potential borrowers. That meant the government could not use fines, tax liens, or refund claims arising out of the borrower's past or future business to diminish the assigned claims. At that time, GAO said these clauses were O.K.

Last year, the GAO switched. In a series of rulings, the agency in effect outlawed the "no set-off" clauses. Specifically, GAO ruled that failure of a business to pay social-security taxes—which might be apportioned between defense and nondefense business—gave the government the right to ignore a "no set-off" clause. To satisfy its claims and, say, claims for renegotiation, the government could attach the bank's collateral long afterwards—if the business were incapable of paying.

- **Loans Refused**—This is enough to scare the banks out. In countless cases, they have played it safe and have turned down otherwise eligible borrowers. Though the military will guarantee 90% of face value, even V-loan applicants are getting the brush-off.

Here's why: many V-loans are revolving credits, but the military guarantee only extends to the amount outstanding at a given time. Suppose you

get a \$1-million V-loan on a contract. You assign the million from the contract payment to the bank. The bank collects from the government. Then you again borrow the \$1-million on another contract; the same procedure is followed. This can happen any number of times.

Eventually—long after the contracts have been settled—through renegotiation or fines or taxes, the government makes claims on you on all the contracts, to a total exceeding the guaranteed \$1-million. You are unable to pay. Then the government goes to the bank, claims the money against the payments that have been assigned to the bank by you.

- **Amendment**—Procurement officers are worried about the effect of the GAO ruling. An interagency committee has been set up to iron out the snag. The solution now shaping up: Amend the Assignment of Claims Act to reinstate the "no set-off" clause with no strings attached.

The amendment may be ready for submission to Congress later this month. It will probably get some priority but, even so, the earliest the amendment can be voted is probably mid-spring.

- **Direct Loans**—Meanwhile, bank lending will remain stymied. The Federal Reserve had O.K.'d only 60 loans under its V-loan program in the three months ending Dec. 31. On the other hand, the government has received 214 applications for direct loans totaling more than \$1-billion.



The Consumer's 'Copter That Might Have Been

The consumer's helicopter is here at last. Stanley Hiller's tiny Hornet (right) costs only \$5,000, less than one-fourth as much as its big brother alongside, the Hiller 360. But it's not for sale. Hiller's United Helicopters, Inc., is working for the military.

So here is what you may have had. The Hornet weighs only 340 lb. empty, but it will carry an added 540 lb. The two ram-jet engines at the end of the main rotor, its main powerplant, turn up 34 hp. apiece. The Hornet cruises at 70 mph.

Yankee Orders Boycott; Alabama Stores on Spot

Retail business is terrible in Maplesville, Ala. (pop. 819). Sales were down more than 50% last week, just when they were booming like mad nearly everywhere else.

The reason: a boycott, arising from a fight between Maplesville's town council and Ray Stremming, belligerent boss of the Stremming Vencer Co., and its 375 workers, many of them Negroes. Stremming threatens to close his plants if his employees patronize the local merchants, several of whom double as council members.

Here's the story of the battle, from the start. On Dec. 6, Stremming—a Northerner and a strong supporter of an FEPC—had a row with police officer W. M. Walker. Walker was raiding homes of Stremming employees, on Stremming property, in search of illegal liquor. Walker had no warrant, Stremming says; Stremming chased him off, with a gun (says Walker), without a gun (says Stremming).

Right away, Stremming employees began getting picked up on traffic charges. Stremming complained to the council; V. B. McClain, mayor and police judge, said "the law will be enforced." Arrests came thick and fast, 54 of them between Dec. 22 and Jan. 22, compared with only 11 the year before. Fines, plus costs, ran between \$15 and \$55. Mostly Negroes were arrested; one was severely beaten.

Stremming appealed to the FBI, charging a civil rights violation. Soon after, he himself was arrested charged with interfering with an officer and pulling a gun.

To "bring pressure" on the council to let his workers alone, Stremming ordered the boycott; opened a commissary to supply his workers. Business promptly was cut in half; the merchants wailed that they were being ruined, would be forced out of business if Stremming carried out his threats to enlarge the commissary.

Mayor McClain charges that Stremming wants to run the whole town. The mayor has asked Gov. Persons to investigate the whole situation. The governor has ordered the state highway police to back up the Maplesville cops.

Private Power Victory

Private electric utilities last week claimed a major victory when Federal Power Commission approved licensing of a \$27-million, 91,000-kw. project to be built by Virginia Electric & Power Co. in northern North Carolina. Interior Dept. had opposed the project on grounds the federal government was thinking about a dam there.



Ralph J. Cordiner



Roy W. Johnson



Henry V. Erben



Hardage L. Andrews

GE Creates 3 Top-Brass Posts

Ever since Ralph J. Cordiner took over the presidency of General Electric Co. last December, many a GE official has been wondering when the other shoe would drop.

• **Big League**—This week it dropped. The changes Cordiner announced were big league. Three executive vice-presidencies were inserted in the company's organization chart—all three of them immediately above the array of GE vice-presidents.

Cordiner then got approval from his board of directors to fill the new posts with three former vice-presidents: Henry V. Erben, who has been in charge of the giant apparatus department; Hardage L. Andrews, general manager of the appliance and merchandise department; and Roy W. Johnson, in charge of the assorted affiliated companies such as Hotpoint, Telechron, and Trumbull.

This is quite a departure from GE practice. It used to be that a year or

so prior to retirement of the incumbent president, his successor would be made the executive vice-president.

• **Insulation**—A basic idea back of the change seems to be the same one that moved other organizations. The executive vice-presidents can save a lot of the president's time by insulating him from reports, problems, and suggestions.

It is almost certain that the three men will have these assignments: Erben, heavy industrial; Andrews, small industrial; and Johnson, appliance, merchandising, and electronics.

• **Chain of Moves**—This week's action is expected to produce a whole chain of promotions and reassignments that may not be concluded for several months. For one thing, it seems likely that Andrews' place will have to be filled. He has been operating the appliance division right at Bridgeport, and his new job requires that he move to New York headquarters. The same thing can be said about Erben.

The Renegotiation Wringer

Nearly all government contracts will be scanned for excessive profits under bill already approved by House. Measure sets up detailed procedures under five-man board.

Chances are that your government contract, even if it isn't a military contract, will be subject to renegotiation to squeeze out "excessive" profits.

At present, only Defense Dept. contracts may be renegotiated. But new legislation, already voted by the House, would extend renegotiation to all contracts of the Commerce Dept., General Services Administration, Atomic Energy Commission, and—here's the catch—such other agencies related to national defense as the President designates. Senate approval is expected soon.

• **All Activity**—The bill is essentially that requested by Defense Secretary Marshall (BW—Jan. 13 '51, p. 23). It's closely akin to Rep. Carl Vinson's HR-9564, written by the Defense Dept.'s renegotiation policy and review board. Defense planners feel that the new bill (HR-1724) will effectively cover the phases of procurement not now subject to renegotiation.

Since all federal activity is now geared to national defense, the outlook is that virtually all government contracts will be brought under renegotiation, except those specifically exempted by law. These are:

- Contracts with territories, possessions, states and their political subdivisions, or foreign governments.
- Contracts for raw agricultural commodities, animals, fish, and their products, such as wool, eggs, milk, and cream.
- Minerals, oils, gas, and timber.
- Subcontracts, under exempted prime contracts.

Processed agricultural, animal, or timber products are not exempted.

• **General Policies**—The measure would set up an independent five-member renegotiation board. At least three of the \$12,500-a-year members, appointed by the President and subject to Senate confirmation, must be civilians. The board would lay down general policies and establish rules for renegotiation. It can renegotiate contracts, and it can authorize procurement agencies to renegotiate their own contracts in line with its policies.

The board has broad power to exempt both individual and general classes of contracts. Some that may be exempted, at the discretion of the board, are:

- Contracts whose renegotiation might jeopardize secrecy.
- Contracts to be performed outside territorial limits or in Alaska.
- Contracts with public utilities.

• Contracts for performance within 30 days.

• Contracts where it is not considered administratively feasible to determine and segregate renegotiable profits.

• **The Yardstick**—Renegotiation would cover any contractor or subcontractor receiving or accruing over \$100,000 from contracts during his fiscal year, and any broker receiving or accruing over \$25,000 from contracts. A contractor's business generally would be treated as a whole. Thus if he makes money on an Air Force contract and loses on a Navy contract, they would be lumped and renegotiated together, should the total exceed \$100,000. The new law would be retroactive to Jan. 1, 1951.

• **The Problem**—What constitutes excessive profits is not spelled out in terms of dollars. But such factors as efficiency, reasonable costs and profits, extent of risk, reasonable return on net worth, and nature of the business are to be taken into consideration.

• **The Procedure**—The bill sets up a step-by-step procedure to be followed:

- Contractors furnish financial statements within four months after the close of their fiscal year.

• If the board sees evidence of excessive profits, it would have access to the contractor's records.

• Should investigation indicate excessive profits, the board would notify the contractor, and an attempt to negotiate an agreement would be made.

• If agreement is not reached, a board order sets the amount and date for recapture by the government.

• The contractor has up to 90 days in which to file an appeal with the U.S. Tax Court. This court's ruling would be final.

Commission to Study U.S. Materials Supply

A five-member Materials Policy Commission has been created by President Truman. It will study long-range supply and demand aspects of the nation's materials problems. William S. Paley, chairman of the board of Columbia Broadcasting System, will head the committee. Other members include a businessman, an editor, a partner in a banking firm, and a professor of economics.

• **To Map Policy**—The commission will be strictly a fact-finding one. It will attempt to determine what we have, what we'll be short of, and to recommend a national policy.

Washington observers see a further whittling down of NSRB Chairman Symington in the move. Symington would "normally" handle such an assignment.



More Than One Way to Skin a Grapefruit

Why grapefruit and oranges are made the way they are, the canner of fruit segments will never know. Getting the peel off and the bitter "rag" and core out is usually a laborious hand job. But mechanization has licked the sleek, plump citrus fruit. A. C. Gross of Harlingen, Tex., has pat-

ented a machine that gets at the heart of the matter. Put the fruit in the 15 cups on a continuous chain. Then a spindle pierces it, carries it past whirling saws that peel it. At last the spindle drops out, with the core in its clutches. The useful part of the fruit is ready.

(Advertisement)

RYERSON STEELGRAMS



Swift-changing conditions in today's steel market are so difficult to follow—perhaps these few paragraphs will prove helpful.

Warehouse steel stocks were again recognized as vital to defense by the Government's NPA order which allots a share of "free tonnage" production to steel distributors. The regulation is helpful. However, even at this early stage, Rated Orders and special government programs have substantially reduced total "free tonnage" — reducing the share going to distributors proportionately.

We are doing everything possible to maintain reasonable stocks for warehouse buyers. But, as we see it at the moment, we shall have less steel to distribute among our many customers in the coming months. It will be helpful if you order only for immediate needs and extend D0 ratings whenever possible.

More steel will be available in some specialized cases. Example: Ryerson stocks of aircraft alloys. New program gives Ryerson plants a range of more than 400 sizes, finishes and conditions of aircraft alloy bars and strip. Included are alloys for aircraft parts manufacturers, airframe makers and engine builders conforming to new MIL-S and to AMS specifications. Aircraft quality stainless stocks have also been enlarged.

More on stainless and alloys — Some steel users may not know that the Government is issuing a single set of MIL (Military) specifications to replace the different U. S. Army, Navy, Air Force, Air Force-Navy, and Federal specifications previously in effect. The new specifications for a few products have yet to be published, but Ryerson alloy and stainless stocks assure a warehouse source for all the important MIL "specs" now in effect and, as additional products are covered, Ryerson stocks will be immediately brought into line.

Ryerson tubing stocks, not affected quite as much as some products by the tight steel market, are being enlarged to include Rockrite tubing (with close I. D. tolerance and better I. D. finish for hydraulic cylinder applications) and pressure tubing to JIC "specs". Fairly adequate stocks of both are in prospect. This is in addition to seamless and welded mechanical tubing, extra heavy wall hot rolled tubing, structural tubing.

Changes on the nation's railroads are not confined to rolling stock, in railway shops alloy chain is finding increased acceptance as a replacement for wrought iron slings. Reasons are easy to find. The alloy chain packs three times the tensile strength of wrought iron. Lasts 5 to 15 times longer. Taylor Made Alloy chain, available from Ryerson, costs little or no more than wrought iron. It is widely used for overhead lifting in most all industries. Other types of chain also available for prompt shipment.

Wire rope, especially desirable where chain may cause damage, is currently available in a wide range of types and sizes. Shipment from Ryerson is prompt.

Availability of high tin content babbitt metal is threatened by the short tin supply. Not affected — Ryerson production of Glyco babbitt metal. Made by a special process, it has physical properties equal to those of high-tin babbitt, costs considerably less, and remains in good supply.

Indications are that metal fabricators contemplating purchase of machinery and tools should make an early decision on placing orders. Ryerson can still make fairly prompt shipment on many types, but demand is strong and delivery schedules are lengthening. All but lighter tools are currently offered on the basis of 5 to 8 months.

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BUSINESS BRIEFS

Higher freight rates, to match any increase given to rails, were asked for by truckers. Without a hike, we'll get too much business, Northeastern Motor Carriers said. Railroads have petitioned the Interstate Commerce Commission for 6%.

More steel expansion: National Steel raised its plans for Weirton and Great Lakes to 6-million ingot tons in 1952, a jump of 500,000 tons over the old goal. . . . Detroit Steel, which set its mark at 1.4-million tons by the end of 1952 (BW-Jan.13'51,p79), said it would double ingot capacity at the Portsmouth (Ohio) works to make it.

Second-class mail rates, covering magazines and newspapers, will have to go up, Postmaster General Donaldson said again. He told a House committee he will ask Congress for a sizable boost to help end a \$200-million annual deficit for the service.

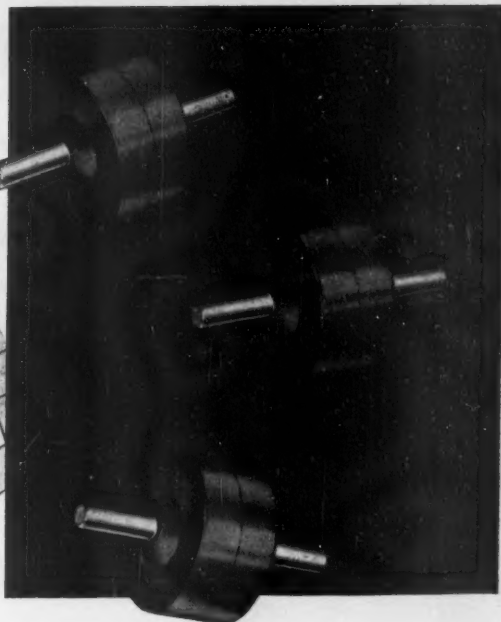
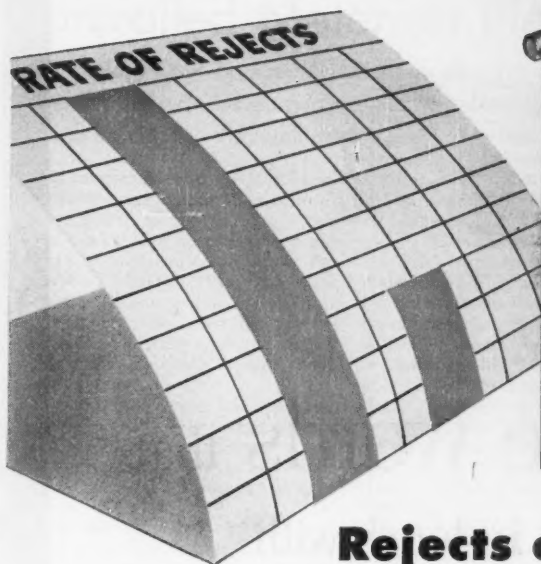
Chrysler will shut down Plymouth assembly at Evansville, Ind., about Mar. 1. The auto maker said the move was aimed at readying the plant for defense work. Output has been running about 400 cars a day.

Atom deals to bring private industry into production of plutonium and electricity have been proposed by Monsanto and by Dow Chemical and Detroit Edison. The companies would build their own reactors, sell the plutonium to the U.S. AEC seems willing, but Congress will probably have final say.

Lever Bros. will build a new manufacturing center at Pagedale, Mo., to make detergents, vegetable shortening, and margarine. The first unit—a \$5-million Surf detergent plant and warehouse—is slated for spring, 1952.

An equipment-interchange pact was announced by Pan American World Airways and Eastern Air Lines. If Civil Aeronautics Board approves, the lines will set up through flights between four northeastern cities served by Eastern and Latin American points served by PanAm out of the Miami gateway.

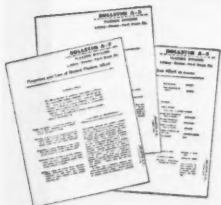
Legal price discrimination: Six senators introduced a bill to write into law the Supreme Court's ruling in the Standard Oil of Indiana case (BW-Jan.13'51, p26). Crux of the decision: You can offer one customer a lower price than another as long as you do it in good faith to meet competition.



Rejects cut 70%

Like so many manufacturers, Globe-Union, Inc., received substantial rewards in a hurry from a simple switch to Plaskon Alkyd Molding Compound. In their television high-voltage capacitors, the outstanding electrical properties of this quick-curing plastic reduced rejections 70% when the parts were submitted to a high-voltage breakdown test. This manufacturer also reports: "Very appreciable labor savings have resulted from the use of Plaskon Alkyd" ... "Plaskon Alkyd has at least doubled the productive capacity of molding equipment" ... "The life of molding dies has been increased."

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DEFENSE BUSINESS

Controlled Materials Plan II

New CMP begins to shape up, effective around July 1. "Essential" list includes many consumer items—autos, TV. Their output will be cut, but they will get help on materials.

The coming shape of the U. S. economy under tough mobilization controls became visible to the naked eye this week. You could at least see who would be getting critical materials under the Controlled Materials Plan that will probably start around July 1.

The tipoff came when the government started looking into the metals requirements of virtually all hard-goods industries.

• **Essential List**—There was only one possible answer: The mobilizers are getting ready to set up a group of metal-using essential civilian industries, to be handled something like those on WPB's wartime "B" list.

Under the old CMP, producers of military goods and their subcontractors were on the "A" list. Essential civilian products and standard components of military products that didn't lend themselves to vertical allocation made up the "B" list. Manufacturers of these products got their allocations directly from WPB.

• **Top and Bottom**—The new "B" list will have a top and a bottom. The most essential programs will be at the top of the list. They will get the first crack at the aluminum, copper, and steel that are left over after the military gets what it needs.

There's little doubt that autos, radio, TV, and the movies—all low on the ladder—will get cut back progressively as the military and top essential programs require more materials. But, to the extent they are permitted to continue, they will get help in getting the materials they need.

• **Top Rankers**—The essential programs at the top of the "B" list include government and private operations that directly support the defense effort. These are construction and maintenance of communications; transportation; other public services; minerals production, and farming and food processing. Also on the list are public health and welfare projects.

• **Supporting Programs**—NPA, along with other government agencies, is now getting these requirements down on paper in the form of tons of steel, pounds of aluminum and copper.

Also high on the list are supporting programs, like rubber for the tires of

both military and civilian aircraft, trucks, buses, and other vehicles.

After all these needs are met, you get to the consumer goods items on the NPA list. In addition to autos, radio and TV sets, these include kitchen utensils, flashlights and batteries, business machines—from typewriters to calculators.

• **Claimants**—In the meantime, machinery for the new CMP is taking shape. The job of gathering requirements has been split, for the present, among 23 government agencies. These agencies will act as claimants for materials for industry and the government. Here they are:

Interior Dept.

Defense Minerals Administration: mining construction and equipment.

Defense Power Administration: electric utility construction and facilities.

Fisheries Administration for Defense: fisheries equipment and operating supplies.

Petroleum Administration for Defense: oil and natural gas construction and facilities.

Solid Fuels Administration: coal mining, construction and equipment.

Commerce Dept.

Bureau of Public Roads: highways and bridges.

Civil Aeronautics Administration: civil aviation, private planes and airports.

Maritime Administration: ship construction and conversion, ship arming.

Office of International Trade: exports to Canada and other Western Hemisphere nations.

Agriculture Dept.

Production & Marketing Administration: farm equipment, fertilizer, pesticides; food processing and distribution.

Defense Dept.

Armed Services: weapons, other military supplies, stockpile, aircraft.

Corps of Engineers: civil construction projects.

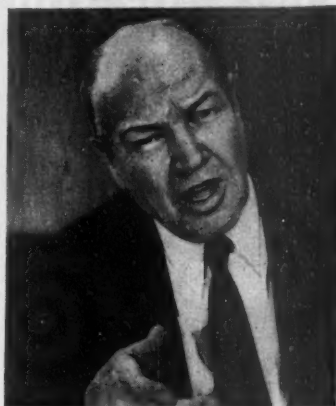
Independent agencies

Atomic Energy Commission: atomic construction and processing materials.

Civil Aeronautics Board: aircraft for scheduled airlines.

Defense Transportation Administration: railroad rolling stock and equip-

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FREE BOOKLET

Parsons' booklet, shown here, includes a table telling how much wear and how many years' service you can get from the various grades of ledger papers and index cards. The booklet includes valuable suggestions for making your record-keeping work, and the buying of forms, more efficient and economical. Your major question is: Which records should be on paper or card of 100% new cotton fibers, which on 75%, which on 50%, and which on 25%. It depends on how much you use them and how long you need them.

Parsons makes seven types of ledger paper and three types of index cards in a wide variety of weights and colors, all made with new cotton fibers. They all take clean, sharp entries from pencil, pen or machine, with no smudging, and will stand rigid in your files. The no-glare surface is restful to workers' eyes. These papers and cards are all engineered to meet the standards of leading manufacturers of bookkeeping equipment. Each sheet is a solid piece and can't split. Ink won't run on the fibers. Erasure with chemicals, rubber or scratcher leaves a smooth surface, the same color.

King Cotton, Parsons' guardian of paper quality, says: "Send the coupon today for your free copy of 'How to Make Your Records Legible and Lasting'. It gives valuable hints on saving time, effort and paper, and will help you select the papers and cards you need."



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or Company

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Town State

ment; local transport, motor transport, waterways, port facilities, storage.

Economic Cooperation Administration: mutual defense aid materials and nonmilitary defense aid exports.

Federal Communications Commission: government communications equipment (nonmilitary); private communications equipment.

Federal Security Agency: school and hospital construction; supplies and equipment for health, education, welfare, recreation.

General Services Administration: federal construction and supply.

Housing & Home Finance Agency: housing construction and alterations; state and local community construction and facilities.

National Advisory Committee on Aeronautics: aviation research construction and equipment.

Veterans Administration: veterans hospitals.

National Production Authority
All others.



BUILDERS are still a long way from turning out 10,000 cars a month as . . .

Freight-Car Orders Soar, Output Lags

Last year's orders highest in years, but getting steel and fabricating it will keep production low till about May.

As far as orders go, 1950 was the best year for U. S. railroad car builders in a quarter of a century. Altogether, they listed a total of 147,066 new freight cars on their books as of the end of the year.

• **Emergency**—After the Korean war broke out—especially in the fall—railroads began ordering cars right and left. But the big trouble now is this: Hardly any of the orders have been filled.

National Production Administration last October arranged to allocate about 300,000 tons of steel a month to freight cars. This would mean a total of 10,000 new cars per month on the rails. Since it generally takes three months for delivery of steel, most people assumed that the 10,000-car rate would start in January.

• **Two Bottlenecks**—It didn't work out that way—and couldn't have, say the car builders, except by the greatest stroke of good luck. They claim two reasons: (1) Steel in big enough quantity didn't start rolling into the freight-car shops until January; and (2) it takes

from 60 to 90 days to get that steel out in the form of finished freight cars. So that means that cars couldn't be rolling off the lines at full speed until March at the earliest. (It looks now as though it will be April or May.)

Meanwhile, the railroads are getting shorter and shorter of freight cars due to scrapping of old, worn-out stock. During the 18 months ended in January, 67,000 new cars were built while 122,000 others were scrapped. And right now the car population is still dropping.

• **Who's to Blame?**—The big question is: Why didn't allocated steel start going into the freight-car shops until January? Some car builders say that they can't get deliveries from the steel mills. The steel mills say they are shipping it on schedule (180,000 tons in December) but that there's not tight enough control over who gets it. NPA blames Defense Transportation Administration, which it says did not program the steel allocation properly. (NPA is taking over that job this week.)



Rural families help **KEEP AMERICA STRONG** in production — in buying power

The national emergency highlights more plainly than ever the double strength of Agricultural America. Our farm population is our secure line of defense against food and many other material shortages. We outproduce the world in foodstuffs, as well as in agricultural products that are vital to industry! Supplies are ample for our own needs, with a surplus for safety.

And rural families . . . who spend one out of every three dollars at retail . . . are a mighty consumer bulwark to business stability. Under a wartime, as well as peacetime economy, farm people will continue to be the manufacturer's largest one source of profitable new sales!

In Country Gentleman your advertising reaches prosperous, influential families throughout Rural America—with greatest impact, proved by a recent nationwide survey. It is the best-read magazine in the one basic market no other kind of magazine effectively reaches!

The nation's milk production is at a new all-time high. "Skip" Holopainen, right—Massachusetts Country Gentleman subscriber—grosses well into five figures from his 170-acre dairy farm. Brother Waino, left, invented the Wain-Roy Power Digger shown here. For military as well as farm jobs, it moves boulders in minutes, digs ditches, uproots shrubs. Hundreds of Power Diggers have been produced in Waino's nearby factory.



We have over 80 million head of cattle . . . over 60 million hogs . . . with meat production bringing record prosperity to farm families like those of George and Ferd Schmidt—Iowa Country Gentleman brothers who are farming partners. At left is new kitchen in the remodeled 9-room George Schmidt home. At right, Mrs. Ferd Schmidt makes quick work of ironing in her new home. The Schmidt families together produce 480,000 pounds of beef, and 160,000 pounds of pork a year.

GREATER POWER TO MOVE PEOPLE GREATER POWER TO MOVE GOODS

Read more, used more, liked more
by 2,300,000 prosperous families
throughout rural America.

With diversification, better farmers guard against the risks of one crop failure. In a single year Jerry Settle—South Carolina Country Gentleman subscriber—has made \$40,000 from peaches alone. But on his 616 fertile acres he also raises cotton, hybrid corn, small grains, tomatoes and Hereford cattle. The influential Settles are leaders in soil conservation and community activities.

Country Gentleman

THE MAGAZINE
FOR
BETTER FARMING
BETTER LIVING

3 reasons why



CORNER OF THE SPACIOUS CROTTY-OPERATED CAFETERIA OF THE WESTINGHOUSE CORPORATION PLANT IN LIMA, OHIO.

Westinghouse brought in CROTTY BROTHERS to run its employee restaurant

1. The Westinghouse Electric Corporation knows all there is to know about making electrical equipment. Specialists themselves, the Lima Plant management decided that running the cafeteria was also a job for specialists...turned the problem over to Crotty Brothers, Inc., who has specialized exclusively in industrial restaurant systems for 20 years.

2. Today one of the most successful in-plant feeding organizations, Crotty Brothers operates in 18 states and 45 cities...serving many prominent American manufacturers... 15 of them for more than 10 years.

3. Crotty Brothers has an understanding of manufacturers' personnel policies; functions smoothly as a unit of the organization... recognizing the industrial relations benefits of a well run, well thought of employee restaurant.

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assumes full responsibility for the complete and satisfactory operation of your plant cafeteria or restaurant...provides an expertly trained staff that takes over all the problems... saves valuable supervisory time, trouble and expense...and provides better food at equal or lower costs.



★There is a Crotty man near you who will supply all details. Write today to:

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FOOD SERVICE MANAGEMENT SINCE 1930

Tankers Tight

Industry pool guarantees government needed space. But shortage is critical in commercial market. Rate freeze imminent.

One of the first shortages to show up as a result of mobilization isn't in materials at all—it's in tanker space. Shipments of oil and gasoline to Japan and Korea have already taken up what little slack there is in the tanker fleet. As military requirements expand from now on, something's got to give.

• **Enough for U.S.**—The government has made sure its own needs will be taken care of. Last week Secretary of Commerce Sawyer asked all tanker owners and charterers to join in a pooling agreement. The plan makes ships available to Defense Dept. and other operators at the request of Maritime Administration—and at less than commercial market rates. Early response indicates that nearly all major U.S. tanker operators will join in the plan.

Participants will share the load on a pro rata basis, according to a formula based on total annual carrying capacity. They will be paid Maritime Commission rates as published in 1947, plus 25%. These are far below current commercial levels, which are quoted at the 1947 figure plus 200%.

• **How About Us?**—The government's pooling agreement doesn't take the strain off the commercial market, though. It adds to it if anything. Increasing military and civil demands have forced rates so high that the government is considering clamping a rate freeze on U.S. flag ships.

• **Another Agency**—In addition to the tanker problem, there has been increasing agitation to bring all U.S. shipping under government control. Many operators would like to see the return of general agency agreements that give an operator 6% to 8% profit over gross expenses.

Government control over all U.S. shipping may come as early as this spring. The men who will run NSA have already been picked.

Metal Curbs Crack Down on Tin Cans

The ax finally fell on the tin cans.

Last week, National Production Authority ordered a 10% cut in the use of tin for tin cans. So far the restriction affects only tin cans for nonessential uses—beer, motor oil, antifreeze, paint, dog food.

The order also fixed the amount of

tin coating to be used on 347 specific items.

• **More Controls Coming**—The cutback set off rumors that there may be a further control of cans through can size restrictions. But the order came as no surprise to the trade. Government controllers think it's comparatively mild, since the U.S. is 100% dependent on foreign sources for the metal. Moreover, about 60% of the world's tin comes from the Far East.

• **Case History**—This is the fourth action by NPA on tin within the past three months. The first control came on Sept. 18, when NPA restricted inventories to a "practicable minimum working inventory." On Nov. 14, reporting of monthly inventories of over 1,000 lb. was made mandatory. And on Dec. 18, the agency ordered a 20% cutback in tin for civilian products.

NPA says the 1951 pack of perishable foods will not be affected, although the cans will have thinner coating of tin. Packers prefer to spread the tin thinner, rather than to cut down on the number of cans.

NPA is casting a speculative eye on tin exports, although spokesmen for the Economic Cooperation Administration claim they must have even more tin plate than they are now getting, to prevent food waste and spoilage.

• **Sources**—Tin consumption for tin plate was 17,800 tons during the first six months of 1950. To assure a continuous supply of the metal, the U.S. will have to depend on Bolivia (the world's second-largest producer), the Belgian Congo, and other foreign sources not threatened by aggression.

DEFENSE BUSINESS BRIEFS

Steel allocations for oil wells and refineries have been O.K.'d by NPA; orders will be out soon. Mills must provide oil well pipe makers with enough steel to turn out nearly 1.9-million tons of pipe in 1951; pipe makers must set aside 5% of their output for spot shortages; 60,000 tons of steel plate a month will go to maintenance and rehabilitation of refineries.

Baseballs went to war under an NPA order that reserved all horsehide fronts and deerskin for the military. Baseballers plan a strong protest, see a glimmer of help in getting hands on horsehide that military rejects.

Iron and steel scrap order M-20, limiting inventories to a 60-day supply, has been amended: From now on, NPA may raise or lower consumers' scrap inventories; it may also allocate scrap and regulate deliveries.



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The Employers Mutuals Underwriter makes your insurance dollar go farther!

You may never see him in person—but you, your people, your property and your insurance budget *all* are better off because of the seasoned judgment of your Employers Mutuals underwriter!

Working closely with the safety engineering, claim and other departments, he examines your specific insurance needs and helps determine the *exact* coverage required for maximum protection at least cost. He is expert at analyzing statistics... and at setting the lowest possible rates consistent with the protection needed. And his trained judgment in "screening out" undesirable risks helps keep *your* net premium costs down—makes *your* insurance dollar go farther.

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C/R

PICK A LEADER



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Leaders demand the company of leadership. In automobiles, machine tools, farm implements, home appliances . . . they *must* know that every part is going to be dependable. That's why you'll find C/R oil seals specified as standard equipment by so many of America's leaders. In fact, more manufacturers of automotive, agricultural and industrial machinery rely on C/R than on any other shaft-type sealing device.

The reasons for such universal acceptance are: unparalleled experience and absolute product reliability. For 30 years Chicago Rawhide has pioneered to make C/R oil seals the perfect answer to fluid retention and ex-

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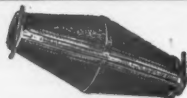
Through constant research and improvements, C/R engineers have helped maintain the highest standards of quality and performance. Mechanisms in every industry are better because they have better bearing protection. When you specify C/R oil seals for your product, you can depend on long-time, trouble-free service.

Chicago Rawhide engineering service is always available for the solution of your particular sealing problems.

ENGINEERS: We will be pleased to send you engineering data on "Perfect" Oil Seals on receipt of your written request.

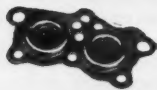
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Boots, diaphragms, packings and other products give dependable service under difficult operating conditions.

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Custom-engineered and custom-built for critical service in aircraft, automotive and other mechanisms.

C/R

PERFECT
Oil Seals

MANAGEMENT



PUBLIC WILL BE TOLD of all decisions being made at this meeting of International Harvester board of directors.



E. L. RYERSON, chairman of Inland Steel, is one of the 12 "outsiders" on I-H's board. Six directors are from management.



OPERATING BOSS. President J. L. McCaffrey has general charge of the business. But board is no rubber stamp for his decisions.

Camera Watches I-H Directors at Work

Most U.S. companies wrap their board-of-directors meetings in solid secrecy. Some won't even allow an "outsider" to serve on their boards.

International Harvester has never shared this security complex. Not long ago, it allowed six college professors to study every detail of its operation—and publish their findings complete with opinions (BW—Mar. 11 '50, p48).

• **No Rubber Stamp**—Now I-H has decided to lift the veil from board-of-

directors proceedings. It figured its employees and others should know what the board does, what its members are like. It wanted people to know that the directors really direct and aren't just a rubber stamp for management.

Obviously, you can't parade the public through a board meeting. So I-H did the next best thing. It let a photographer take candid shots of a meeting, then gave out a list of all the matters decided at the meeting.

I-H didn't reveal the back-and-forth flow of argument, but it did give this rundown of what the board decided at the meeting:

- Approved spending \$1.4-million to reline, enlarge, and equip for blower operations the No. 1 blast furnace at the Wisconsin Steel Division.

- Gave the go-ahead to spend \$1,340,000 to build a parts depot at Milwaukee, Ore.

- Agreed to the sale of some prop-



CUTTING FILING COSTS

How much are unnecessary records in your files costing you in monthly rental for office storage space—in investments for additional file cabinets—in excessive clerical time handling records? Recent studies indicate that in the average company about 35% of present records can be safely destroyed, another 30% should be transferred to inexpensive storage, and only the remainder kept within operational reach. But how to determine which to keep and which to destroy? What procedures can safely dispose of accumulated records?

DARTNELL Report No. 590

This Report not only outlines methods used by some 235 companies for solving problems like these, but covers systems developed to do the job smoothly, continuously, and automatically. Included are sample forms, charts, checklists, formulas for calculating filing costs, and many other effective aids. Why not order today and look it over on our 10-day approval basis?

★ COVERS EFFECTIVE METHODS THESE COMPANIES USE TO:

- Analyze present file situation
- Determine which records to keep
- Organize their records program
- Prepare filing manuals
- Train employees for filing
- Determine space requirements
- and many others.

★ OUTLINES AND DISCUSSES FILING SYSTEMS AND TECHNIQUES INCLUDING:

- Westinghouse Electric's "flow-schedule"
- How Boeing Streamlined Its Files
- Pros & Cons of Micro-Filming
- Nine steps for Cutting Costs
- Proctor & Gamble's Record Audit



Over 119 pages
with exhibits in
8½ by 11 leatherette binder

\$7.50

The Dartnell Corporation

4632 Ravenswood Ave., Chicago 40, Ill.



BOARD CHAIRMAN Fowler McCormick listens closely as I-H treasurer makes regular monthly report. McCormick's specialty is doing the company's long-range planning.



DEAN OF THE BOARD, financier John A. Chapman, studies a proposal. He was first elected to the board in 1918, which adds up to a lot of three-year terms.

erty owned by I-H in Kansas City, Mo.

- Voted to increase credit facilities for Harvester's Mexican subsidiary.

- Heard Treasurer William S. Odell, Jr. give a detailed analysis of the financial situation.

- Got President J. L. McCaffrey's ideas on the general business picture. (In a nutshell: The company can sell all the civilian products it can build, but production is going to be limited by materials supply and the defense program.)

Harvester calls that a typical session. It points out that it has a mixed board of 12 "outsiders" and six officers. On it are men like Edward L. Ryerson, Inland Steel chairman; John Stuart, Quaker Oats chairman; Ralph Budd, chairman of the Chicago Transit Authority; Chris L. Christensen, chair-

man of the executive committee of Celotex Corp.

- **Appropriations**—They meet each month. The main jobs: electing officers; approving appropriations above \$25,000, donations above \$5,000, and salaries of more than \$12,000; reviewing the earnings report and setting dividend rates; and taking a long-range look at capital expenditures (\$37,000,000 in 1950, not even a good guess possible for the future).

Each member gets \$100 a meeting, has to own shares in the company, and is elected for a three-year term.

Dean of Harvester's board is John A. Chapman of William Blair & Co., investments, elected first in 1918. Newest member: James L. Palmer, president of Marshall Field & Co., elected January, 1950.

You pay the bill



WHEN AIR care IS NEGLECTED

THERE'S AN UNSEEN COST of doing business, a higher cost of living, whenever air is neglected. Clean, active air at proper temperature, makes a factory, store, office, school, hospital, home or any occupied space, a better place. AAF products save business and industry an expense that is present . . . seldom accounted for. Why not have clean, healthful air? You pay for it anyway because *clean air costs less than dust.*

Are You Air Conscious?

Air Care is just common sense and good business. A workman who leaves his job for a "breath of fresh air" knows the dirty air problem. An auto-maker has a hard dollar record of the loss on *rejects* when air-borne dirt messes up a paint finish. Store owners and theater operators have to pay thousands each year in cleaning bills, know untreated air is a national waste. Restaurant and nightclub operators know people are air conscious, know too they leave a stuffy place sooner, eat less, complain more when air isn't

right. Even school children are penalized in study by bad air in the classroom. But in every case there's a way to enjoy the benefits of better air.

Check Your Air!

Although you can't see the hidden hazards of air that is uncared for, you can stop the waste. AAF is ready to help you with information about the latest air improvement for your particular business. Only AAF can offer the right unit for every different kind of air care, because AAF has the world's most complete line, never has to suggest a substitute. Different types and sizes of air filters, electronic precipitators, Roto-Clone dust collectors that drown dust with a water curtain, and Herman Nelson Unit Heaters, Unit Ventilators, Portable Heaters and Ventilators are adaptable to every kind of air care problem.

It's wise to find out the benefits of better air. Write now for interesting detail to Dept. 22, American Air Filter Company, Incorporated, Louisville 8, Kentucky.



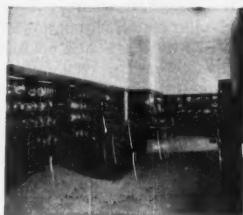
We treat air right . . . for purity, comfort, health and economy

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AIR FILTERS • ELECTRONIC PRECIPITATORS • ROTO-CLONE DUST COLLECTORS • UNIT VENTILATORS • UNIT HEATERS • PORTABLE HEATERS AND VENTILATORS



Electronic Precipitator helps merchant's profit margin here.



Cycoil saves maintenance costs on large diesel installations.



Unit Heaters keep industry warm—lower heat bills, too!

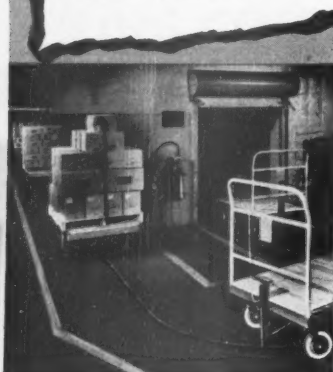


Roto-Clone controls process dust in foundries.

TODAY'S BEST BUY IS BETTER AIR!

TOW-LINE CONVEYOR

*solves
a lot of
handling problems*



If you want to clear up confusion and assure an orderly flow of traffic in your plant, in your warehouse, in your order make-up, receiving or shipping departments, consider the possibilities of a MHS Tow Line Conveyor. The flexibility of this conveyor makes it adaptable and economical for practically any set of requirements.

The sub-floor tow line conveyor gives you a completely unobstructed floor area with no overhead structures. Dollies or trucks may be engaged or disengaged at any point along its path for loading or unloading.

If it is impracticable to install the sub-floor track, you may tow trucks or dollies from an overhead MHS Mono-conveyor. Both the sub-floor and the overhead systems can be operated on one or more levels.

For a full description of the tow line conveyor and all its possibilities write for a copy of Bulletin TC-1.



**Mechanical
Handling**



4610 NANCY AVE. • DETROIT 12, MICH.
OFFICES IN PRINCIPAL CITIES

How To Be Legal

Justice Dept. gives business executives a few hints on how to avoid tangling with antitrust laws in daily operations.

The Antitrust division of the Dept. of Justice came up with a few rule-of-thumb guides to help businessmen steer clear of federal antitrust action. Sigmond Timberg, chief of the judgment enforcement section of the antitrust division, handed out the suggestions at a meeting of the New York State Bar Assn. last week:

- Avoid being paternalistic about your product after it leaves your hand. Just because an action keeps resale prices down doesn't condone a Sherman act violation.

- Any exclusive distributorships, deals requiring future purchases, or illegal tie-ins—whether written or not—are strictly taboo.

- Ask yourself: Does any wholesaler or retailer have a practical (not just legal) "free choice" to take or reject my goods? You're liable to federal antitrust action regardless of intent if you can't answer "yes" in every case to that question.

- Don't let the fact that a practice is common in your industry determine whether it's legal.

- Don't let your conviction about the superiority of your own product lead you into an antitrust tangle. For instance, courts aren't impressed by a defendant's plea that his business form is the only one that can fit into his record-keeping machine. Let the customer decide that. If you don't, it's an illegal tie-in.

Even though you follow these rules, you have no sure protection. H. Thomas Austern, Washington lawyer, called the laws and their interpretations a "quagmire of confusion." He added: "Even the most uncharitable should commiserate with the businessman who seeks to obtain definitive working rules for his daily operations."

Key to Management: Getting Men Together

The company's problem was to match production with sales. A quick look at the situation produced this picture:

Sales: "We keep them informed of our needs, but they don't do anything about it."

Scheduling: "Sales is making silly changes all the time; we would go nuts if we jumped every time they wanted something different."

Production: "With all the changes you make, we can't keep costs down; what's more, we're always changing our work force around, and the union is beginning to object."

That's the sort of problem three Harvard Business School professors attack in their book "Executive Action" (Harvard University, \$3.25). Edmund P. Learned, professor of business administration, and two research associates, David N. Ulrich and Donald R. Booz, collaborated.

• **Human Element**—In each situation they look at, they conclude that technical knowledge alone on the part of top officers isn't enough. When executives realize that it's not simply a matter of technical knowhow, but a matter of human relations as well—in the case above a breakdown in communications—they can get together on the problem.

To pin down similar situations, the book takes a case-by-case look at 12 real companies with sales ranging from \$5-million to \$250-million.

Theme of the book is: Business today has grown so complex that running a firm rarely can be a one-man job. For that reason, it needs keen executives all down the line. And they've got to be executives who have learned to work together.

• **Conclusions**—A few conclusions the book reaches: (1) Formal organizational charts are fine, but often they can block teamwork; (2) too many executives underrate the capacity of juniors to assume responsibility; and (3) in the long run, there's no substitute for face-to-face contact as a means of putting orders, opinions, and information to work.

MANAGEMENT BRIEFS

Engineers are scarce, says the Illinois Institute of Technology. To prove it, IIT reports that: Salary levels are up 10% in four months; starting pay runs from \$275 a month to \$500; women engineers are being hired "for the first time."

Teacher training—Du Pont plans to give several engineering school professors a 12-month tour throughout the company's plants to get up-to-date industrial experience. Du Pont will pay the professors' regular salaries, plus expenses.

Industry is replacing wealthy individuals as top dog in U.S. philanthropy, the National Industrial Conference Board reports. From 1939 to 1947 corporate gifts rose from \$31-million to \$241-million; estimate for 1949 is \$250-million.



MINUTES MEAN DOLLARS to any manufacturer. That's why over 20,000,000 bright, clean refrigerators have left the factories DULUX-finished! Millions of production hours each year were saved when DULUX was improved 75% in drying performance. Constant improvement in quality—DULUX

quality—accounts for a drop in field repair costs of one important refrigerator manufacturer from 22 cents per cabinet, prior to DULUX, to less than 1 cent per cabinet today. No wonder DULUX is considered America's leading home-appliance finish!



ON LAND, AT SEA AND IN THE AIR! Transportation men have found that the long-lasting good looks of a DULUX finish help air lines, bus lines, railroads and steamship companies make the right impression on passengers, shippers and the general public. On this commercial airliner, DULUX White Gloss was used to make identification easy . . . reduce interior temperature . . . keep maintenance-painting costs at a minimum.



AFTER 10 OR 15 YEARS' SERVICE under all sorts of temperature conditions, what will a finish look like? With the accelerated durability test, Du Pont chemists are able to make a reasonably accurate prediction. Test panels are subjected to temperature extremes for many weeks . . . are then checked against standards of known quality.



STOPPING THEM FOR MORE SALES! Through the years, service-station operators have found that bright DULUX colors on gas pumps and buildings catch the eye of the passing motorist . . . remind him to slow down, turn in. What's more, DULUX keeps its brilliant gloss and color for many months . . . stands up amazingly well to hard knocks, staining and weathering . . . can be washed down easily.

KITCHEN-TESTED IN OVER 20,000,000 HOMES

**DULUX Home-Appliance Enamels—typical
of the 12,000 Du Pont finish formulas
working for industry today**

The name DULUX identifies America's leading home-appliance finish . . . a finish that has proved itself on over 20,000,000 refrigerators as well as hundreds of thousands of other home appliances. White-goods manufacturers know they can count on the washability, mar-resistance and color retention of this durable Du Pont product . . . that DULUX-finished appliances give years of sparkling service, complete customer satisfaction in the home.

For hundreds of different industries, Du Pont chemists have developed over 12,000 finish formulas to meet special finishing needs. Do you wish to boost the quality and sales appeal of your product . . . speed production . . . reduce manufacturing or maintenance costs? A Du Pont finish may furnish the solution to your problem. Contact the Du Pont sales technician in your area . . . or write E. I. du Pont de Nemours & Co. (Inc.), Finishes Div., Wilmington 98, Delaware.

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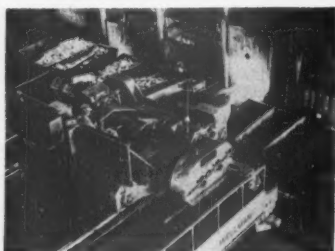
MATERIALS HANDLING BRIEFS



Big ore freighters are unloaded swiftly with Wellman's Hulett-Type Ore Unloaders. This machine scoops up the ore with a huge bucket and then dumps it into a hopper, weighs it and discharges it into cars or stockpile.



To move cargo faster the luffing motion on these Wellman 6-Metric ton cranes is accomplished in only 14 seconds. Hoisting speed at full load . . . 240 feet per minute. Crane rotating speed is 2 revolutions per minute and the travel along the dock . . . 100 feet per minute.



Charging machine operators "keep their distance", yet handle scrap and other raw materials speedily with Wellman open hearth charging machines. Whether the need is for specialized steel mill equipment, or machinery to handle heavy bulk materials, Wellman will build it . . . better. The Wellman Engineering Company, 7005 Central Avenue, Cleveland 4, Ohio.

Wellman will build it!

WELLMAN
ENGINEERING COMPANY-CLEVELAND

MARKETING



FULL WAREHOUSES now, but they'll be empty of appliances as mobilization speeds up. To keep dealers and distributors busy, two appliance makers plan to let them do . . .



LIGHT ASSEMBLY JOBS that take up warehouse space, but need little equipment.

When You Can't Sell, Build

Appliance distributors once again face a shortage of goods. One out: Set up light assembly facilities to handle sub-contracts. Personnel is trained, and cost of equipment is low.

How do you keep your distribution setup from falling apart when you don't have any civilian goods to sell? A great many manufacturers are going to run smack into that problem as soon as mobilization begins to cut into civilian goods.

Appliance makers in particular found it tough to keep their distributors and dealers in business last time, when ap-

pliances all but disappeared from the market. Most companies were too busy with war work to give much thought to the problem. But it came home to them after the war, when they found many distributors and dealers in a sadly weakened condition.

• **Two's Solution**—At least two appliance makers have come up independently with plans to prevent an encore

this time. Both plans are built on the same idea.

This week, Lewyt Corp., big vacuum cleaner producer, announced a program to hold its distributor organization together by calling on it to give expediting and manufacturing help.

Last week Belmont Radio Corp., manufacturer of Raytheon television receivers, came out with a plan to subcontract simple subassembly work to distributors, let them parcel it out among their dealers.

• **Easy to Adapt**—Actually, both plans are made possible by the nature of the appliance business and its distribution setup. Big appliance dealers and distributors maintain service departments to install and service television sets, washers, refrigerators, etc. It's relatively easy to put service men and their tools to work on light assembly.

Salesmen, too, can easily be shifted to expediting delivery of materials. There isn't much difference between selling and cajoling suppliers to speed up deliveries.

Third, it doesn't take much in the way of capital investment to set up an assembly line to produce subassemblies for electrical equipment. Spare warehouse space, plus a few workbenches, some soldering irons and test equipment, and a crew of agile-fingered women are about all you need.

• **Plant and Manpower**—Lewyt's plan could conceivably add an estimated 5-million sq. ft. of manufacturing space to its present production facilities and provide a possible pool of 5,000 skilled and semiskilled workers. That's if all its 75 wholesale distributors were used; actually, of course, only a portion of them would be equipped or qualified for manufacturing. Lewyt's wholesale distributors, who carry a wide range of electrical appliances, are already being called on to expedite supplies of critical materials—both for Lewyt's vacuum cleaner division and for its big government-contract division.

As vacuum cleaner production is cut back, and the company goes more deeply into government work, Lewyt expects to be able to call on its distributors to turn their warehouses into small factories for subassemblies.

• **Belmont Pattern**—Belmont's plan will shift subassembly work from its factories to dealers and distributors. Belmont figures that in World War II about 30% of its military production consisted of simple subassemblies. It sees no reason why dealers can't handle such work.

Under the program, distributors would get subcontracts in proportion to their normal business with the company. The distributors would then assign the work to dealers who are qualified to handle it. Belmont would use its present staff to carry on the program,



Streamlining a Pension Pattern TO FIT YOUR BUSINESS

THE success of your pension plan will depend upon a streamlining job which gears your pension system with *your* particular financial, personnel and industrial problems. And, if your pension plan is not streamlined to fit your company's circumstances, you may suffer serious loss in dollars and greatly reduce the effectiveness of your plan.

Our Pension Trust Division has helped develop hundreds of pension plans. This broad experience with all types of pension systems is yours for the asking. We shall be glad to estimate the cost of a pension plan for your company or discuss with you any pension problem you may have. No obligation, of course.



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ESTABLISHED 1812



Look Under the Truck!



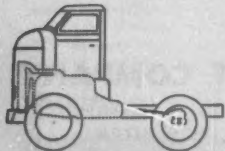
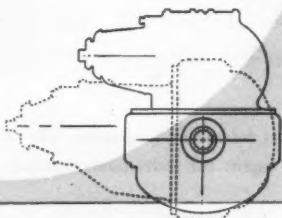
**... For Another Timken-Detroit "First"
That Improves Performance—Cuts Costs!**

AN improvement usually begins with a problem! And The Timken-Detroit Axle Company—with a realistic view toward the truck man's problems—is constantly working on new improvements in axle design and construction to help him deliver *more* goods at lower cost.

For instance, by developing a new *top-mounted* final drive for heavy-duty axles, Timken-Detroit has now made it practical to use a two-speed, double-reduction axle with heavy-duty short-wheelbase truck-tractors. Within legal length limitations, longer trailers can be used—payload space increased!

The next time you buy trucks *look underneath!* Make sure you're getting the many advanced engineering improvements found *only* in Timken-Detroit Axles!

This diagram of the Timken-Detroit "R-330" series axle illustrates how the new location of the pinion shaft makes possible a "straight line" drive through the propeller shaft to the transmission, eliminating angularity problems. Write for complete information today!



**WORLD'S LARGEST
MANUFACTURER OF
AXLES FOR TRUCKS,
BUSES AND TRAILERS**

TIMKEN *Detroit* AXLES

A PRODUCT OF THE TIMKEN-DETROIT AXLE COMPANY
DETROIT 32, MICHIGAN



PLANTS AT: DETROIT AND JACKSON, MICH. • OSHKOSH, WIS. • UTICA, N. Y.
ASHTABULA AND KENTON, OHIO • NEW CASTLE, PA.

with distributor salesmen acting as production coordinators and expeditors, or as inspectors.

• **Others Act**—The same basic idea is popping all through the appliance trade. One of New York's biggest appliance distributors says he has space and personnel for contract work, is waiting only to get some orders. Alan Steinert, president of the Eastern Co., Cambridge, Mass., says that he's prepared to go into contract work whenever the need arises.

Eastern is one of the distributors that tried its hand at manufacturing in the last war. It wound up designing and producing sound systems and radar subassemblies, both as prime contractor and as subcontractor. By 1945 it was averaging \$700,000 a month in contract work.

• **Little Investment**—Eastern used its own plant, with about 50,000 sq. ft. of floor space, and eventually employed close to 500 people. It made little investment in manufacturing equipment, though it had to purchase sizable amounts of test equipment. War work kept Eastern's organization intact. Men who had been in the sales, radio service, and component parts departments became engineers, expeditors, and project heads. After the war, when the company decided to go into a heavily departmentalized sales setup, those men moved up to top-level jobs.

• **Own Line**—Raymond Rosen Co., big Philadelphia distributor, had a slightly different experience. It also handles RCA sound equipment, had its own service department to maintain and install the instruments. In 1936 Rosen bought RCA's local service organization and integrated it into its own. In 1938 it branched out into design and development of commercial sound equipment, began to make its own.

When the war came along, Rosen built electrical and electronic devices both as prime and subcontractor. Between 1942 and 1945 Rosen's volume in its engineering division ran to 3-million a year.

In 1948, the division was incorporated as Raymond Rosen Engineering Products, Inc. Today it is a manufacturing operation, running at a volume of between \$4-million and \$5-million. Main work is in producing and designing communication equipment and telemetering systems for guided missiles.

• **Some Doubt**—Some distributors, though, aren't enthusiastic about the prospects of becoming manufacturers or expeditors. They contend that many distributors lack the facilities or knowledge to do a production job, no matter how simple it is. Others say it's naive to set up a formal detailed plan on paper. In actual practice, they say, the number of assemblers involved would grow impossibly large.

THE MARKETING PATTERN

THE CURRENT buying wave offers a vivid illustration of why it's dangerous to predict anything these days. Only a few short months ago, retailers were saying that business would be slow during the first part of this year (BW—Nov. 11 '50, p74). Following the predictions of the economists, they were looking for only a gradual increase in sales, rising on the groundswell of increased income.

Then the wave hit. Soon after Christmas it was apparent what was happening: People were buying almost every kind of soft and hard goods they could lay their hands on (BW—Jan. 20 '51, p20). By now, with the boom still riding high in its fourth post-holiday week, even the most reluctant retailer will admit that we have a real scare-buying wave on our hands.

THIS IS A GOOD TIME to take a look at what's happened since Korea.

The big boom in July was a selective boom. It hit the usual scare items—nylons, tires, domestics—plus appliances. The boom soon petered out, but not before it had sent merchants out to buy heavily.

A fall lull followed. Apparel sales went mushy, TV-sets did a nose dive. Other sales were spotty. This resulted in some strange goings-on, considering the certain promise of good sales some time in the future. Rayon converters, finding themselves with light sales and an influx of goods, began to unload at bargain prices. Even some wool fabrics went begging. Meanwhile, finished goods, ordered in July, were piling up.

Some observers go so far now as to say that, all in all, it began to look as though there would be an inventory embarrassment by the end of the year.

There wasn't, of course. By then we had had the trouble with China. Those big inventories no longer worried anyone (BW—Jan. 13 '50, p46). Thanks to the over-ordering in the summer, the boom caught merchants with their inventories up.

ONE OF THE MAJOR differences between the two booms—post-Korea and now—is that this time you have a rush for some

goods that didn't do well in July. Men's suits and cotton goods stand out. Another difference is that the last boom surged ahead on credit (it came before credit controls). This time, the boom is more a cash proposition.

It is also apparent that the buying wave, despite its size, is not dragging down inventories too badly. Government economists say that even now there are no replacement orders in soft goods, only a few in hard goods. One thing has happened, however: Merchants, seeing the extent of the boom, have placed bigger orders than they had intended for the spring.

HOW LONG WILL the boom last? At this point, few will risk a guess. But one economist doubts that it can run beyond February. He thinks that price controls will be a powerful deterrent.

But will they? Granted, part of the stimulus for the current boom was the fear that prices would go higher. But the early stages of price controls give no assurance that prices will be held down. Then you have to take into account the psychology of the day. There was, for example, one consumer—he hadn't done any scare buying before—who said late last week, "I'm going out to buy some white shirts, before they disappear under price controls."

He was expressing a rational fear. The freeze might catch many merchants with prices below replacement cost of their stock. Until readjustments are made, there's a good possibility that such stores will simply withdraw goods from their counters rather than sell at a loss.

THIS POINTS up a characteristic of a war economy. You will always get a series of sudden buying waves springing from equally sudden psychological motivations. It happened last time.

But the thing to keep your eye on is rising consumer income. Unless Congress is willing to tax and tax heavily, this enormous wave of buying power, resulting from overtime and higher wages, will easily sop up all goods available—and then some.

MOSINEE

"More than Paper"



Do you have a processing or fabricating process involving paper? Does your product require some specific characteristic in paper—perhaps unusual strength, dependable uniformity, resistance to heat, moisture or acids?

True, there are thousands of tons of paper available, but MOSINEE — "more than paper"—is produced only in limited quantity to meet the most exacting requirements.

MOSINEE "paperologists" are available to help you. Write Dept. BW—no obligation to you, of course.

MOSINEE PAPER MILLS CO.
MOSINEE, WISCONSIN
Essential Paper Manufacturers

GLOBE SPRINKLERS



FIREMEN EVERY 10 FEET

SAFEGUARD YOUR INVESTMENT
FIRE strikes without warning. This fact emphasizes the need to protect buildings and contents with GLOBE Automatic Sprinklers, for these sprinklers discover and stop FIRE... they also net large savings in FIRE insurance costs.

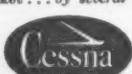
GLOBE AUTOMATIC SPRINKLER CO.
 NEW YORK... CHICAGO... PHILADELPHIA
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THEY PAY FOR THEMSELVES

NEED MORE EXECUTIVE MAN POWER?

Here's one easy way to get it! Your Cessna dealer is prepared to show you—with your own travel figures and "sample" flights to outlying plants or sales territories—how a new Cessna 170 can add literally weeks to the productive time of your present staff.

It is practical for your company to own and use this plane. It's fast, 4-place, comfortable... easy and safe to fly. Yet it's the lowest-priced 4-place, all-metal plane on the market... by several thousand dollars!



MAIL THIS COUPON TODAY!

Cessna Aircraft Co., Dept. BW-1, Wichita, Kan.
 I would like to know more about the all-metal Cessnas and the man-hours they save. Please send detailed information.

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 ADDRESS _____
 CITY _____ STATE _____
 Position _____



CHECKUP of component parts is first step in White Motor's program for . . .

Planning Parts Distribution

Manufacturer maps ambitious plan to keep White vehicles rolling in spite of shortage of parts and materials. Census will show how stockpiles should be redistributed.

When a truck maker sells a truck, he's only made the first instalment on his sale. He has to keep that truck supplied with parts. It will need a new clutch at, say, 50,000 miles, a new engine at 300,000. Since a truck owner usually buys his trucks to last for years, any given vehicle may be only a facsimile of its original self when he's through with it.

The parts replacement business is not only big business for truck manufacturers, but a matter of customer goodwill as well. That's why White Motor Co. this week unveiled its Emergency Service Corps.

• **Plan**—Essentially, this is a program to keep White vehicles on the road for the duration, come what may. This time White is trying to lick the parts shortage before it develops to the point that it did in World War II. If the program pans out, it will mean that essential parts are in the places where they are needed, when they are needed.

This was a major headache during World War II. Few new trucks were available; those in service needed more and more replacement parts as they

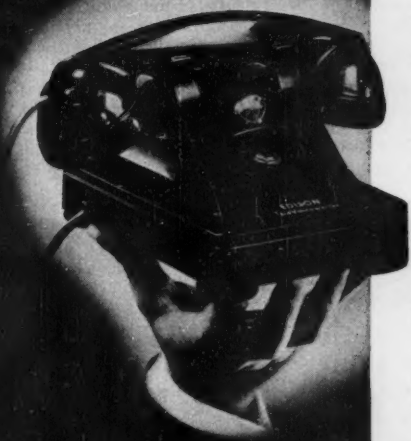
aged rapidly under heavy wartime usage. But parts were critically short—a condition made worse by the tendency of dealers, distributors, and factory branches to hoard parts for their own customers. White thinks its new plan will short-circuit these difficulties.

• **Census**—Nub of the program is a complete census of all White trucks and buses now in operation, a total of somewhere around 125,000 vehicles. This census will be taken by a field force of 1,500 working out of White's 500 dealers and distributors, and its 40 directly owned factory branches. It will take about three months to contact all 45,000 or so owners of White vehicles.

The census will be more than a mere registration of model, serial number, and age—which was about as far as White went in its World War II census. This time the field representatives will also round up such data as mileage to date, projected annual mileage, type of components (axles, transmissions, etc.), use (whether on- or off-road, light or heavy, long- or short-haul).

• **Easy Check**—This data will be stamped onto a metal "dog tag" that will be tacked to the dashboard of the

Believe it or not—
this is a
Dictating
Instrument!



And it's an
EDISON
first!

Thomas A Edison
INCORPORATED

EDISON PRESENTS

the smallest... lightest... simplest
and most inexpensive
Dictating Instrument ever invented!

IN ONE HISTORY-MAKING stride, Edison has advanced instrument dictation years ahead of anything ever before offered! The EDISON TELEVOICE System is an *entirely* new facility for handling your written communications—new in concept and scope—new in the instruments employed—new in the direct, simple, economical way it serves you!

Imagine a system of recording from many stations to a central point. Imagine that these EDISON TELEVOICE Stations are like your present telephone—as small and dependable—and as simple and familiar, so that no instruction is necessary! For the first time, you have no discs, cylinders, belts or index-slips to change or manipulate!

Consider that start, stop and playback, as well as length and correction indications, are all accomplished by *remote control* with simple push-buttons right on the TELEVOICE Station!

Now you can understand how profoundly Edison has transformed instrument dictation—turning it into an office necessity like the telephone and typewriter.

The EDISON TELEVOICE System, moreover, achieves an efficiency hitherto unapproached. One to twenty TELEVOICE Stations connect to the EDISON TELEVOICewriter, located at the secretary's desk. Hence, dictation is now "delivered" to her—instantly, clearly, continuously. It cannot sit, neglected, on some dictating instrument. Messenger pick-up service is eliminated. The secretary paces her transcribing to the work as it is dictated, and returns "the world's fastest signature service" without peaks or pressure.

TELEVOICE installations are made on a work-load basis to assure free-line service to all concerned. The economy is obvious. With many dictators served by *one* recording machine, costs of instrument dictation are cut by as much as 66⅔%!



Many low-cost,
easy-to-use,



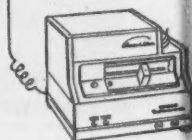
remote-control
TELEVOICE Stations



connect to one
single, central
recording instrument—



the EDISON
TELEVOICewriter



Edison TeleVoicewriter

The Televoice System

GET THE WHOLE STORY—NOW!
Send for this new descriptive
booklet. Or, to arrange for a
demonstration, call "EDIPHONE"
in your city. In Canada: Thomas A.
Edison of Canada, Ltd., Toronto 1,
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EDISON, 47 Lakeside Avenue, West Orange, N. J.

Okay— send me A LINE ON TELEVOICE.

NAME _____

COMPANY _____

ADDRESS _____

CITY _____ ZONE _____ STATE _____



NOT A LAMINATE,

THIS is a plastic molding compound!



It is one of the FIBERLOYS by Rogers. Ten years ago, Henry Ford made part of a car body from it. Build a big enough press, and you can make entire car bodies from it. Today it is specified in certain military contracts. Tomorrow, we'd like to create a variation of it to meet your special requirements.

PLASTICS by Rogers are special purpose, impact phenolics. They include the only molding compounds produced in sheets. They provide the most efficient, least expensive method of using high impact molding materials. Some are furnished in bulk form for molding. Some are special purpose laminates.

OTHER FIBERLOYS include the exciting new DUROIDS. These are special formulations developed to supply specific mechanical and chemical characteristics. The DUROIDS blanket the range of materials properties from laminated plastics, down through vulcanized fibre to paperboard.

USING FIBERLOYS results in better parts for better products. Many of them are fabricated to customer specifications by Rogers' Fabricating Division.

An Entertaining Booklet

"Here's Rogers and its Fiberloys" will help you decide whether you have a place for the FIBERLOYS. Please write for it, to Dept. B, Rogers Corporation, Manchester, Conn.

ROGERS CORPORATION
Established in 1832

vehicle. If a truck should break down, the service man can tell at a glance just what type of part is needed for replacement.

One copy of the data will go to the vehicle's owner, a second to the local dealer or distributor, a third to the Cleveland headquarters of White Motor. That will provide a check all along the line.

• **Handy Stockpile**—But the data will have even more important uses. At Cleveland, a staff of about 15 people will do a "service requirement analysis" of the material. By weighing the age of the vehicles in each area, the type of components they require, the annual mileage turned in annually, and the type of work each vehicle does, the analysts will be able to forecast approximately what kind of parts will be needed in what quantity over what period of time—and where. On this basis, White will redistribute its regional stockpiles of parts.

• **Service**—White will also:

• Set up a national emergency parts system so that parts needed quickly can be sent from the nearest available supply.

• Supply truckers and drivers with a service station directory, listing all

places where parts may be obtained.

• **Keep owners informed** by publishing a monthly parts bulletin telling the full story on substitutions, shortages, parts conversion suggestions.

• Publish technical bulletins on improved maintenance methods.

• Get dealers, branches, and distributors to keep customers informed on available salvage units.

• **Materials Problem**—White also plans other important uses of its data. By showing the government just what is required in the way of parts to keep trucks and buses rolling, it hopes to loosen up enough scarce materials for parts manufacture. Already, White says, parts shortages are holding nearly finished trucks in warehouses.

• **Stake**—White has a big stake in the success of its program. Its dealers, distributors, and factory branches do an annual business of some \$25-million in servicing, parts, and repairs. Furthermore, this time there are more old trucks on the roads to worry about than there were in 1941. The reason is—paradoxically enough—that business has been so good. Truckers have bought new vehicles, but haven't retired the old ones. So the problem of keeping customer goodwill is bigger than ever.

This wholesaler gave the party, because...

He wants to be friends with...

Hotpoint Skilsaw General Electric And Others

How to Win Friends, Influence Suppliers

Manufacturers customarily keep on the good side of their distributors by throwing sales wing-dings. It's a sign of the times when a major distributor—Bluefield Supply Co., West Virginia, wholesaler of hardware, plumbing and heating equipment, and appliances—turns the tables. Bluefield has just wound up a four-day sales meeting at the Greenbrier in White Sulphur Springs

for 81 manufacturers whose products it handles. Above (from left to right) are J. T. Frazier, vice-president of Bluefield; W. E. Macke, merchandising manager of Hotpoint; J. J. Sweeney, manager of Skilsaw's home-workshop division; James FitzGibbon, manager of General Electric's Charleston (W. Va.) office. Bluefield did a \$25.9-million business last year.

Kimpak* Float Packaging



SURFACE PROTECTION
General Mills Tru-Heat Iron

Cuts shipping costs— reduces damage in transit!

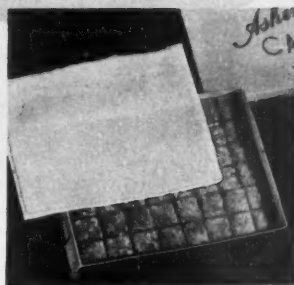
Does the product you make get the best possible shipping protection on its way to market? Does your packaging operation move quickly—with minimum demand on labor and material?

A vigorous "yes!" to these questions is answered by the scores of companies that investigated—and changed—to KIMPAK* Float Packaging. For it's the world's most effective shipping protection, at lowest true cost.

KIMPAK creped wadding is a pre-fabricated, grit-free material of many thicknesses. It's soft, clean, feather-light—easy to apply as wrapping paper. Whether you ship furniture, food or appliances—pharmaceuticals, clothing or flowers—you'll

find a specification of KIMPAK designed especially to protect your product against any shipping hazard. And because KIMPAK is not a waste material, but comes in rolls or sheets, it can be "tailored" to meet your particular packaging requirements.

Try KIMPAK soon—for any of the Four Basic Methods of Interior Packaging: Bracing and Blocking, Flotation, Surface Protection, Absorbent Packaging. For further information, see your nearest KIMPAK distributor listed in classified telephone directories under "Packing Materials" or "Packing Materials—Shipping"; or write to Kimberly-Clark Corporation, Neenah, Wisconsin.



Candy, made by
Chester A. Asher Co.,
Philadelphia, Pa.



Geiger tube, manufactured by
Tracerlab, Inc.,
Boston, Mass.

— FREE BOOKLET! —

KIMBERLY-CLARK CORPORATION
Neenah, Wisconsin BW-251

Please send me free, the illustrated
KIMPAK booklet, "Float Packaging."

Name _____

Address _____

City, Zone, State _____

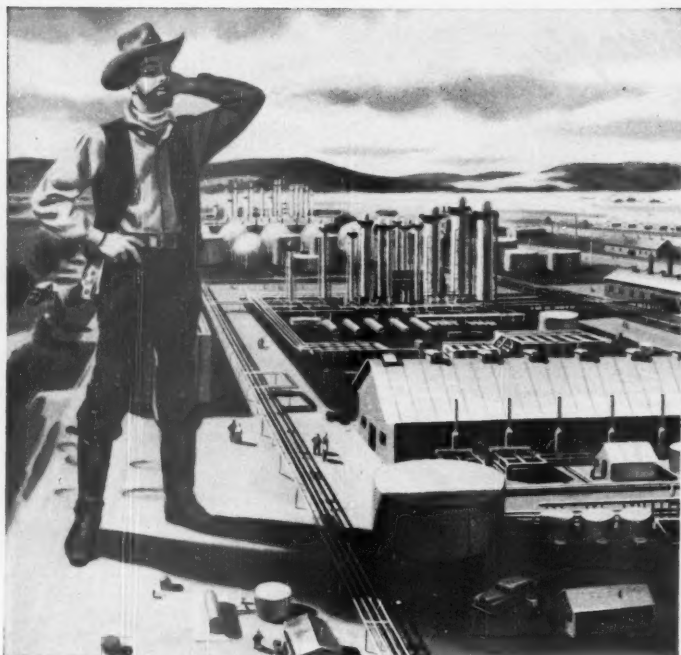
Kimpak

REG. U.S. PAT. OFF. & FOREIGN COUNTRIES



CREPED WADDING

* T. M. REG. U. S. PAT. OFF. & CAN.



“Gad,” said Kent Morgan, “my tall tales didn’t compare to this progress”

Kent Morgan, romanticist, bard, teller of tall tales, in the early days of the great Southwest, would agree that the past half century has seen the Southwest emerge as the largest industrial area in the United States. Vast natural resources, assured low-cost power, temperate climate, and centrally located for low-cost distribution, an area offering management the geographical area ideal.

If your organization’s plan includes capitalizing on the vast resources of the Southwest . . . it will benefit you to take advantage of Brown & Root’s years of experience in this territory. A complete knowledge of soil, terrain, and climatic conditions may result in faster, more economical completion of your contemplated project. A request from you will put Brown & Root consultants at your service.



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CABLE ADDRESS — BROWN BILT

Associate Companies —

- BROWN ENGINEERING CORP.
- BROWN & ROOT MARINE OPERATORS INC.

MARKETING BRIEFS

Latest milk concentrate on the market has just been introduced in Lima, Ohio, by Beatrice Foods. It’s a condensed milk; you add two parts of water to get three quarts of milk. It will keep two weeks under refrigeration.

Total advertising outlay by U.S. business and industry last year came to \$5.6-billion plus, according to the McCann-Erickson advertising agency. That was an increase of 9.3% over 1949’s \$5.2-billion. Television was up 156%, national newspaper advertising nearly 12%.

Schlitz claims the honor of being the first brewer to produce more than 5-million bbl. of beer in one year. The 1950 Schlitz mark: 5,096,840, a gain of 500,000 over the year before.

The court decision in the Macy-General Electric fair-trade case (BW—Jan. 27’51,p56) meets with the wholehearted approval of the American Fair Trade Council. The court said—and the council agrees—that the duty of reasonable and diligent enforcement rests with the manufacturer.

A “raincheck” is being used as an advertising slant by H. G. Hill Stores in New Orleans. If any of its stores runs out of an item, the raincheck will entitle the customer to come back any time within two weeks and get the item—at the price advertised earlier.

Grape juice to wine: Welch Grape Juice Co. will convert part of its Brocton (N. Y.) plant to manufacture a light Concord wine. The company already has a federal wine-making license, expects to start production as soon as it gets one from New York State.

Output of TV sets may be cut 60% below 1950, F. M. Sloan of Westinghouse said. He sees 3-million as the top production mark.

Margarine hassle: The American Butter Institute and other dairy organizations claim that the new federal oleomargarine law is being “violated on a scale not equaled since Prohibition.” Their source: a survey in the Midwest and South showing that 69 out of 109 eating places serve a substitute when the patron orders butter. The National Assn. of Margarine Manufacturers calls the survey “exaggerated and useless,” says that about 34% of margarine output is served in restaurants anyway.



...THE INSIDE STORY OF THE "FLYING DISCS"...

People say that they've seen flying discs.

They say they're bright shiny metal, 90 feet in diameter, and travel at incredible speeds. Reports about them always seem to make page one.

Another kind of "flying disc" that never rates a headline is made of black wax. It's about 16 inches in diameter, and it, too, flies at incredible speeds.

We're speaking of radio transcriptions that fly by Air Express.

They don't get page-one mentions because, by now, the idea of flying discs to the various stations is commonplace to the radio industry. The time they save permits them to keep their recorded broadcasts right up to the minute.

But, you don't have to be in radio to profit from the regular use of Air Express. Here are unique advantages which any business can enjoy:

IT'S FASTEST—Air Express gives the fastest, most complete door-to-door pick up and delivery service in all cities and principal towns, *at no extra cost.*

IT'S MORE CONVENIENT—One call to Air Express Division, Railway Express Agency, does it all.

IT'S DEPENDABLE—Air Express provides one-carrier responsibility all the way and gets a *receipt upon delivery.*

IT'S PROFITABLE—Air Express expands profit-making opportunities in distribution and merchandising.

Like to know more? Call your local Air Express Division of Railway Express Agency.



Happy Answer to Housing Problems

ANOTHER EXAMPLE OF A

Better Way

DESIGNED BY



For the plant that must have housing in a hurry . . . for the community in need of dwellings . . . P&H Homes are the answer.

A happy answer for all concerned. **FOR THE PLANT:** P&H Homes go up overnight — they're ready for occupancy in weeks instead of months. **FOR THE COMMUNITY:** P&H Homes are individually styled, not carbon copies of the house next door. **AND FOR THE OWNERS:** P&H Homes are planned to meet their every wish — priced to meet their budgets!

No stopgap housing this, but a lifetime of good living . . . a sound, safe investment. No stumbling blocks; P&H works hand in hand with local builders and financial institutions . . . meets all government regulations.

If you need five homes—or five hundred—here is the better way to get them. *The better way.* Like every P&H product, these homes are built with that in mind — better things, for more people, at lower cost.

P&H

QUALITY
FOUNDED IN 1884
SERVICE

HARNISCHFEGER
CORPORATION

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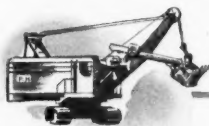
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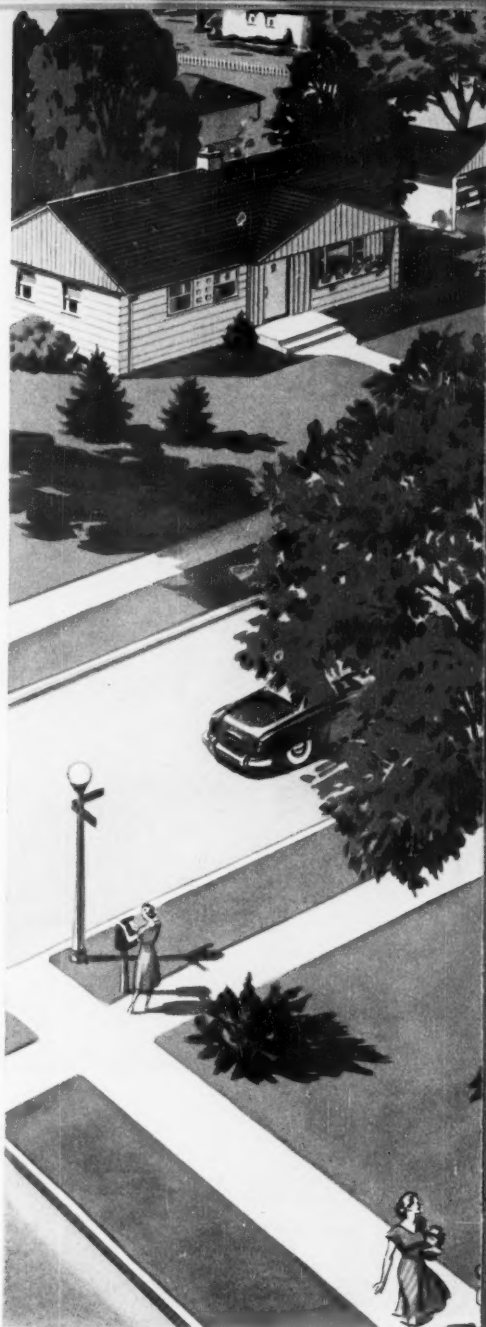
TRUCK CRANES

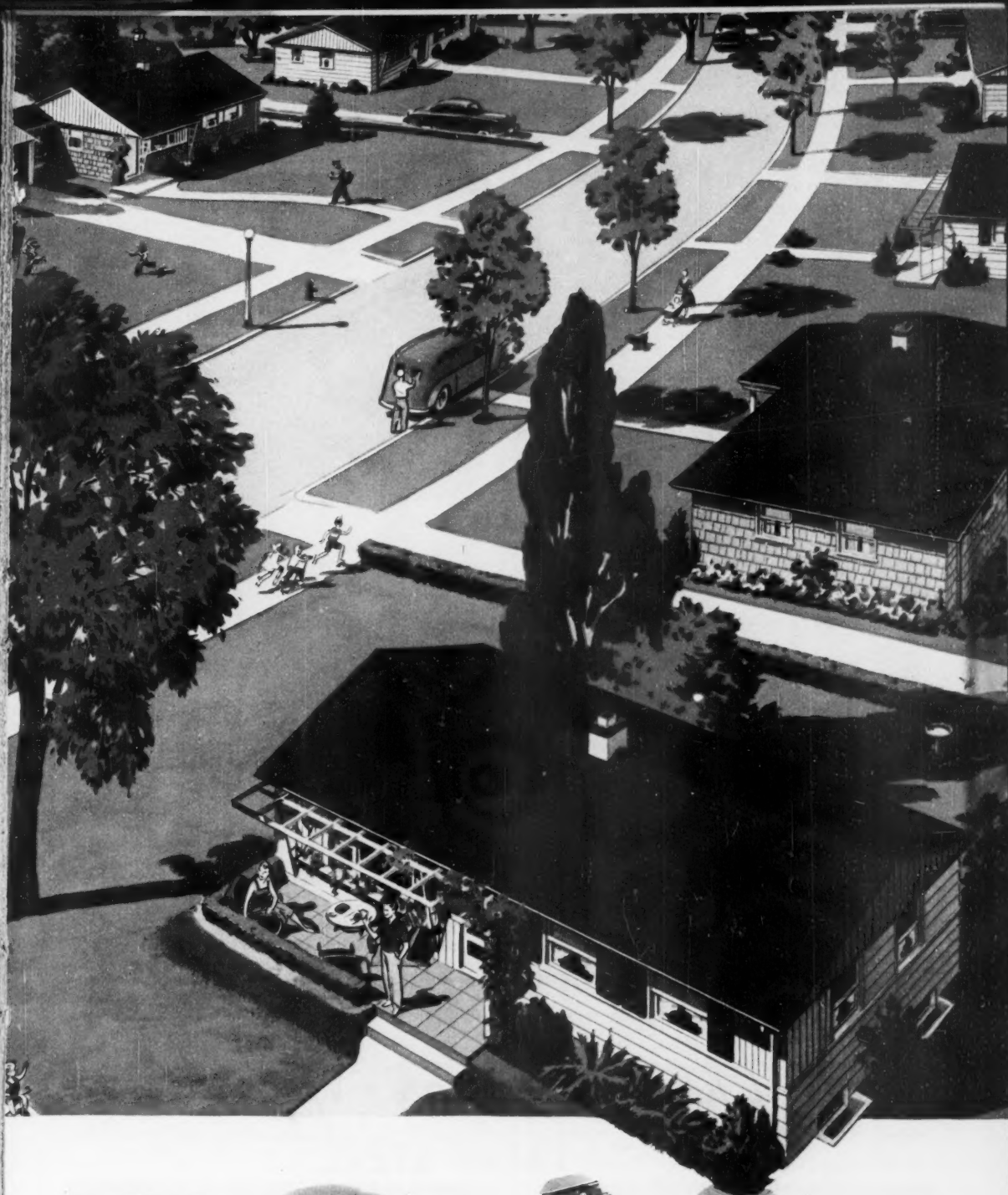


DIESEL ENGINES



POWER SHOVELS





HOMES



OVERHEAD CRANES



ELECTRIC HOISTS



WELDING EQUIPMENT



SOIL STABILIZERS

YES, IT'S *Yoloy*



Photo by courtesy of
Gramm Trailer Corp.

High-tensile steel transport trailer aerates and discharges dry bulk load in minutes

FAST unloading is a feature of this huge transport trailer. By simple but unique use of the principle of aeration, it discharges a cargo of cement or other dry, powdered, bulk material in just a few minutes. The trailer body is tilted as you see it here, low-pressure air is pumped through the load from below, and the "liquefied" dry cement flows out like water.

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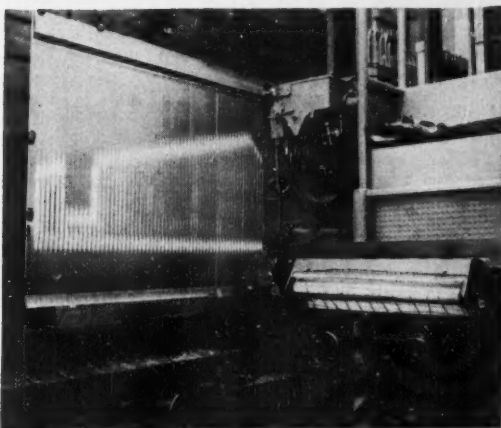
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NEW METHODS . . . Wing panel and stiffeners are milled in one piece.



BUILD JETS Lockheed's F-94, an all-weather jet is assigned to guard continental U.S.

Lockheed Tools Up for the Jet Age

Design engineers at Lockheed Aircraft Corp., Burbank, Calif., have always been hurrying aviation progress. Back in the 30's, pioneer flyers such as Lindbergh, Earhart, Kingsford-Smith, and Post set most of the world's speed and distance records in Lockheed monoplanes. Two years before Pearl Harbor, the company went into production on the P-38 Lightning; the radical twin-tail ship was the first American fighter to top 400 mph.

At war's end, Lockheed was all set for the civilian transport market with its four-engine Constellation. The Con-

nie is still holding its own among newer high-altitude competitors after five years.

• **The Step Into Jets**—Then came the jets. Lockheed was again just a step ahead of the rest of the industry. It was the first to get a jet fighter—the F-80—into full-scale production for the Air Force. The company has already delivered 2,000 F-80's and two-seater jet trainers based on the same design.

Lockheed is finding this step into the jet age the biggest one it has ever taken. Not only does it involve a whole new design theory, it also demands al-

most completely new production techniques.

• **Big Tools**—It takes stronger alloys, heavier plate to build planes that can stand the terrific buffeting of flight at sonic and supersonic speeds. That calls for beefing up the whole production line to tool tougher metals.

Lockheed was one of the first to get this big conversion job under way. Right now it is winding up a \$5-million expansion and retooling program to gear production to the jet age. Center of the expansion is what Lockheed calls its Hall of Giants. The new ma-



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chine tools in this hall are so big that Lockheed had to set them in the foundations first, then build a new plant around them.

Besides new machine tools, Lockheed's program involved beefing up weight and power all the way down the production line. Capacities of overhead cranes were increased from 10 tons to 30 tons. Milling machines of 15 hp. were increased in power to 30 hp.—or 50 hp. in some cases.

With the help of this new tooling program, Lockheed planned to triple airplane production in two weeks. And it expected to get that production with half the manpower it would have taken for the same output in World War II.

• **New Job, New Plant**—What it didn't plan on at the time was a major production line on the East Coast, too. This week Lockheed is moving into the Air Force's biggest airframe plant at Marietta, Ga. This plant will more than double the company's factory space—adding three buildings with a total floor area of 5-million sq. ft.

Lockheed says it will modify World War II B-29 bombers in the Marietta plant while it is retooling there and hiring new workers. But considering the company's advanced experience in jet production, it's a good bet that it will soon swing into production of the swept-wing B-47 jet bomber. Lockheed officials say they can roll finished bombers out the door at Marietta within 18 months after Air Force tells them which bomber to build.

• **Rough Start**—That sounds optimistic, but top managers at Lockheed should have a pretty clear idea how fast their company can get a new job under way. Most of them came into the company back in 1932, when the "new" Lockheed was founded.

The name Lockheed has actually been painted on airplanes since 1916. That was when the brothers Alan and Malcolm Loughhead (pronounced Lockheed) went into the business. They won fame with their early military planes and their sleek Sirius, Orion, and Vega transports—but they won little in the way of profits. Once employees hid a Vega in a tumble-down hangar to keep a sheriff's deputy from attaching it. The hidden Vega—and Lockheed—were soon in the hands of the receivers.

But Robert E. Gross (cover) stepped in in time to keep the name Lockheed in the air. In 1932, he headed a group of purchasers that bought the company for \$40,000—less than the cost of one engine of a Constellation transport today. Two others in the group—Cyril Chappellet and Carl B. Squier—were both pilots. Chappellet is now vice-president in charge of administration, and Squier is vice-president in charge of sales. But Gross, Lockheed's presi-



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That is exactly what is being done in *Outstate Michigan*. In the warmer months the Panhandle Eastern Pipe Line Company's pipe lines bring much more gas from Texas, Oklahoma and Kansas than is needed for daily

requirements. The surplus goes into great underground storage fields of the Michigan Gas Storage Company, a subsidiary of Consumers Power Company. In Winter, when the big pipe lines cannot bring enough gas for daily needs, the storage fields are called upon to supply the difference.

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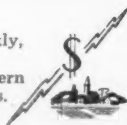
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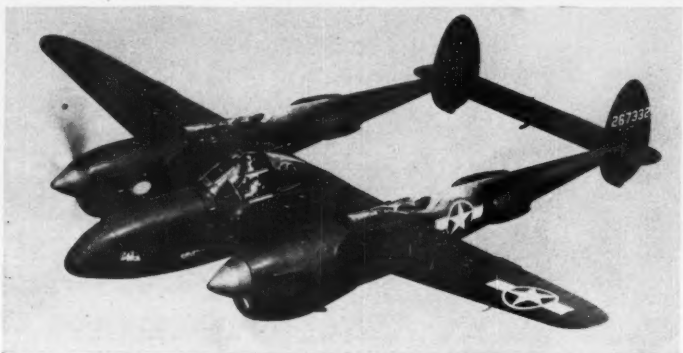
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EARLY FAME came to Lockheed for building monoplanes like this one, the Sirius, in which Lindbergh (on wing) set transcontinental speed record in 1930.



REPUTATION was confirmed when Lockheed brought out the P-38 Lightning two years before Pearl Harbor. It was the first American fighter to top 400 mph.

dent from the beginning, was never a working flyer or airplane designer.

• **Banker to Planemaker**—Gross actually started his business career as an investment banker, after graduating from Harvard in 1919. But he was early to see the vast business opportunities in aviation.

By the time he got to Lockheed, Gross had packed away plenty of experience in aviation management. He had held an interest in Stearman Aircraft Co. in Wichita, Kan.—which he sold soon after at a profit. Then he organized Viking Flying Boat Co. in New Haven, Conn., with his brother Courtlandt—now Lockheed's vice-president and general manager in charge of production. Viking fell with the market in 1929, and Gross moved out to California to help organize Varney Speed Lines. It was there that Gross got interested in the fast Lockheed Orion transports on the Los Angeles-San Francisco run. He lost no time when he found he could pick up the design and its builder for a paltry \$40,000.

• **Green Thumb**—Gross brought Lockheed the flair for finance and manage-

ment that it needed. He immediately reorganized the company. Under his guidance, Lockheed grew from 64 employees in 1932 to 2,000 in 1938. Today the company employs over 20,000 workers at its Burbank plant alone. It has added about 4,500 since Korea.

Gross spent his first two years at Lockheed—and the major portion of his budget—developing an all-metal, twin-engine, 10-place transport. The Electra, as it was called, soon became a commercial pacemaker, and the Burbank factory began to hum.

Sales in 1935, just a year after the Electra hit the market, were a little over \$2-million. Backlog was \$875,000 and earnings \$218,000. The new versions of the Electra and the 14-passenger Lodestar transports gave Lockheed a strong place in the development of commercial aviation. By 1938 28 of the world's airlines were flying Lockheed planes in 42 different countries.

Sales climbed to \$10-million in 1938 and earnings were \$442,417. Backlog zoomed that year to over \$32-million as the company pocketed a big order from England to convert its famous

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What was once a heavy piece of office equipment has now become a lightweight cross-country traveler. Dictating machines travel along with business men these days. That means they must be light, as well as rugged.

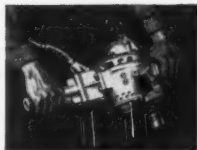
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BYERS

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Super Electra into the Hudson bomber.

• **War Orders**—Lockheed was one of the first U.S. aircraft companies to go into production for the Allies of World War II. In 1940, the company converted the Lodestar to the Ventura bomber. Sales were \$45-million, backlog \$271-million.

When the U.S. entered the war, Lockheed subcontracted huge orders and expanded plants throughout southern California, Texas, and even overseas to England and Ireland. In the peak war year of 1943, Lockheed had 94,000 employees. Sales were \$697-million, backlog a fabulous \$1,338,745,000. Combined sales for four peak war years were more than \$2-billion. But excess profits tax held profits down to \$8-million in 1943—only 1.2% of sales.

• **Postwar Letdown**—At war's end Lockheed was hit by the usual contract cancellations. Conversion put the company in the red in 1946. Operating loss was \$21-million, although tax credits and wartime reserves offset it, so that the company paid out \$1-million in dividends. Sales were down to \$113-million and backlog \$167-million. Production delays and a declining military and disappointing commercial market brought a \$9-million operating loss in 1947.

But from then on the company has made money. Lockheed paid out \$3-million, or \$3 a share, last year—even while holding back funds for its big retooling and expansion program. Sales last year totaled \$170-million. The company's current backlog is about \$437-million.

• **Planes to Peddle**—Though Lockheed skidded in the first two postwar years and retrenched to its Burbank plants, it maintained a strong position in the industry by continually bringing out new planes to peddle. The first, postwar, was the Constellation transport. Lockheed had built 15 of them for the Air Force during the war.

An aggressive sales campaign put the Connie in strong competition with Douglas for the commercial transport market. Lockheed has delivered, or has orders for, nearly 300 of the high-flying transports. Late last year it brought out its Super-Constellation. It has orders for 60 of these monster transports already.

• **Subchaser**—A good engineering guess put another ace in Lockheed's hand. Believing that antisubmarine warfare would remain one of the major problems of the nation's defense, Lockheed engineers continued research and development on its P2V Neptune, search-patrol bomber. The company has sold over 200 to the Navy, has them in continuous production.

An early model of the subchasing Neptune, "The Truculent Turtle," set an 11,236-mile nonstop record flight

from Perth, Australia, to Columbus, Ohio, in 1946. Latest P2Vs, loaded with cannon, bombs, torpedoes, rockets and depth charges, and bulging with radar, are the Navy's answer to the snorkel submarine.

Last week Kaiser-Frazer signed up as the seventh subcontractor supplying Lockheed with major sections of the patrol bomber for assembly. The company started hiring out subassemblies on the Neptune and other planes about six months ago. Companies that have been making bits and pieces for Lockheed are all experienced aviation manufacturers. They include Beech Aircraft, Cessna, Chance Vought, Temco, Rohr, and Solar.

• **Fighter and Trainer**—Lockheed's F-80 jet fathered a family of planes. C. L. "Kelly" Johnson, Lockheed's chief designer, first stretched the plane out 28 in. to add an extra seat. They gave the Air Force and Navy their first—and so far their only—jet trainer. Then Johnson and his engineers decided that, by replacing the student with a radar operator and putting radar in the nose, they'd have a fine all-weather fighter. That ship, the F-94, is already in quantity production. Its present assigned mission is defense of the continental U.S. Squadrons are based at Ft. Dix, N. J., to protect the industrial East, and at Moses Lake, Wash., to guard Seattle and the atomic bomb works at Hanford. With jet-assist-takeoff, the ship jumps into the air much faster than any previous interceptor.

The Air Force is expected very shortly to announce the F-94C, a faster, improved thin-wing model, with outstanding performance characteristics at high altitudes.

• **Jet Transport**—Lockheed was well along on plans for a commercial jet transport before Korea called signals off. The proposed ship would fly at 600 mph. with hops of 500 to 2,500 mi. Lockheed figured it could have had a prototype flying within 30 months from acceptance of plans, with planes in service within four years.

• **Skips Turbo-Prop**—Johnson says earlier development of a jet transport in the United States was not justified economically. First-round jet engines are comparable to the 1914 Chevrolet engine, a notorious gas hog, he says. Second-round engines, which will be off the lines in a few months, will be 30% better and worth-while for transport use. Lockheed, however, designed its transport for engines it expects will be developed two years from now.

Unlike most manufacturers, Lockheed favors jet engines over turbine-driven propellers as the next step in commercial transport engines. "Why make a tiny improvement when you can make a really significant improvement by going to jets?"

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PRESS OPERATOR slides a stock bar into the first set of dies, then the second, and finally the third. The bar comes out as a preformed shape that's ready for machining. Job is done without use of heat.



COMPARATIVE LAYOUT above shows the progressive changes in the contour of the bar as it goes through the three cold-extrusion dies. Eventually, a bar may be turned out with only one extrusion.

Steel Extrusion

National Tube will make pipes by hot extrusion. Molloy Mfg. Co. is turning out drive shafts by a cold process.

Steel extrusion—both hot and cold—has taken another step into the commercial market during the past month. Big Steel's National Tube Co., using hot extrusion, and Molloy Mfg. Co. with cold have tamed a brute-force method that makes metal parts just as toothpaste is squeezed from a tube.

• **Savings**—Extrusion has many advantages: It saves the expense and waste of machining, also permits use of lower-grade metal. Until the last couple of years, its use has been limited to non-ferrous metals, softer and easier to handle. Now it's the turn of steel.

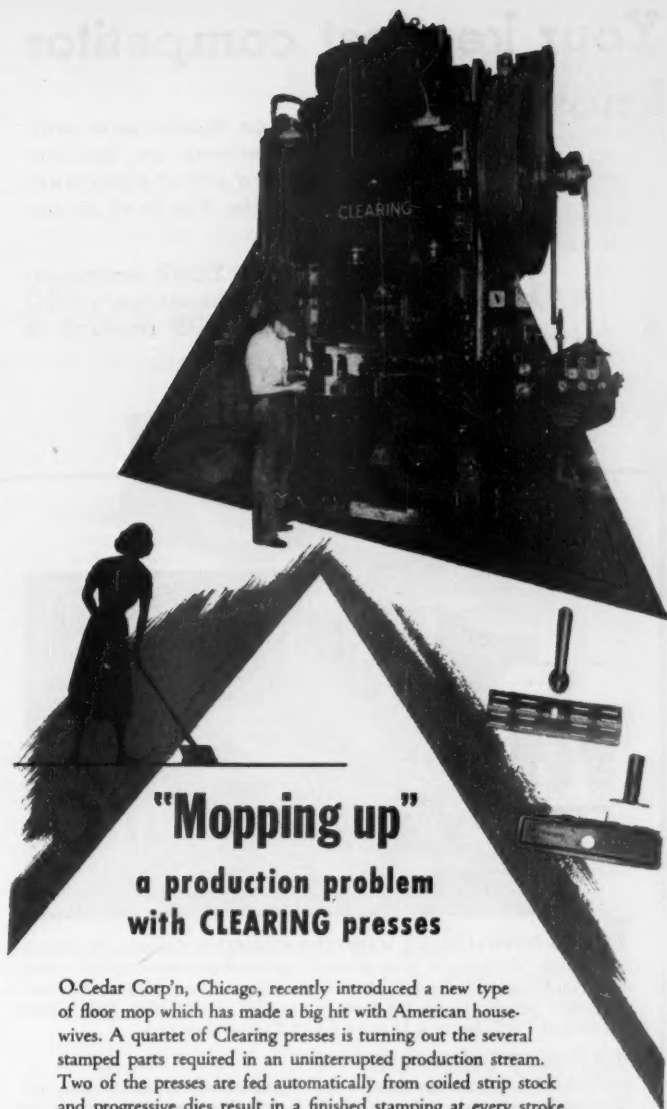
Last week, National Tube announced plans for a plant at its Gary Works to produce varied sizes of pipe by hot extrusion, using the Ugine-Sejournet process. The process is roughly this: Red-hot bar stock is pushed through a circular die by a 2,500-ton hydraulic press. Pressure from the press, and pressure created by the confinement of the die, shape the solid metal into tubing. To speed the squeezing action and cut down abrasion on the metal, molten glass is used as a lubricant.

National Tube expects to be in full production by the end of the year with a monthly capacity of 3,000 tons. That's a real achievement; the Ugine-Sejournet process was pretty much a technological novelty when it arrived here from France.

• **German Process**—Cold extrusion as worked out by Molloy also got its start in Europe. For a while it was a prize secret of the Germans. After the war, the Heintz Mfg. Co. (BW—Aug. 9 '47, p41) dug up the specifics of the technique and sponsored development on peacetime products.

Molloy Mfg., in Detroit, also picked up the German process. After years of experiments, the firm has finally worked out one of the first commercial applications of cold extrusion for automotive parts. Turning out auto transmission shafts, Molloy has cut material costs, reduced machining time, and used lower grades of steel. And the product is as good as a part that is machined entirely from rough high-grade stock.

• **Hydraulic**—Here's how Molloy does it: Medium carbon, 1½-in. bar stock is cut to 14-in. lengths, then heat treated



"Mopping up" a production problem with CLEARING presses

O-Cedar Corp'n, Chicago, recently introduced a new type of floor mop which has made a big hit with American housewives. A quartet of Clearing presses is turning out the several stamped parts required in an uninterrupted production stream. Two of the presses are fed automatically from coiled strip stock and progressive dies result in a finished stamping at every stroke.

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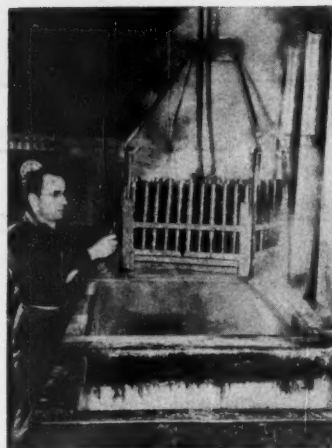
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SHORT SECTIONS of bars are dipped in chemical baths that coat them with lubricant. This prevents damage to the dies.

to a tensile strength of 100,000 lb. per sq. in. Under slowly applied hydraulic pressure, a bar is forged through a series of dies. The pressure is applied at each end of the bar; the die walls gradually force it into the desired shape.

Originally, a lot of work went into getting the right kind of extrusion dies, and a surface lubricant that would allow the metal to flow through the die without surface chipping. But the main problem was how much reduction should be allowed on each extrusion step. Now three press operations are enough to extrude a shaft that can be machined to any one of seven diameters.

• **Three for Two**—The saving of cold extrusion shows up when a finished part is compared with a machined product. Molloy makes three shafts by extrusion out of the amount of metal that normally makes two by machining. That's a big difference. (Molloy turns out 1,600 shafts a day.)

After extrusion, the original 14-in. rod has stretched to 22 in. Tolerances are held to 0.001 in., and only a little machining is needed to finish the part. If you made the same shaft wholly by machining, you'd have to start with a 22-in. bar of 1½-in. stock. By the time it was finished, ⅞ in. of the metal would have been machined away.

The success of Molloy's method has also depended on emphasis on the hydraulic presses. The firm has used war-asset models, rebuilt and fitted with dies specially made for each production job. Molloy has had a hard time convincing machinery makers that extrusion is practical. So the company has found it easier to revamp conventional presses according to its own designs.

• **New Problems**—The extrusion process for transmission shafts can't be applied exactly to products of other de-



BRIAN MOLLOY, head of Molloy Mfg. Co., first tackled simple bolts by extrusion, now makes complicated transmission shafts.

signs. Molloy thinks that it can turn out rocket and projectile shells. But the job would have to be analyzed and fitted with equipment that suits it alone. Right now, Army Ordnance (BW-Mar.25'50,p103) is pushing experimental work on this angle.

Molloy, organized as a small machine shop in 1940, got into cold extrusion through studs and bolts contracts for the Air Force.

Automatic Dispatching For Message Tube

Bridgeport Brass Co. of Bridgeport, Conn., is mechanizing its interoffice communications. The company's Housatonic plant is about to install an automatic pneumatic-tube system made by Mix & Genest, German subsidiary of International Telephone & Telegraph Corp.

The system does away with the central dispatcher who ordinarily picks up incoming carriers and shunts them into another tube so they'll go to the designated station.

• **Switchboard**—IT&T's setup works like a telephone switchboard. Each carrier has two contact rings at one end with numbers from zero to nine stamped on. The sender dials the station he wants by turning the rings—to station 15, for instance—and puts the carrier in the pneumatic tube. Electronic "fingers" near the tube entrance pick up the number, flash it to the central switchboard. The switchboard, in turn, sends the signal down the line so that all the tiny doors for station 15 open when the carrier is sucked through.

In one system, there may be up to

99 stations, but by combining several systems—corresponding to telephone exchanges—the number is almost unlimited.

IT&T figures that a 40-station system will handle 1,200 carriers an hour. If the sender accidentally dials a nonexistent station—for example, station 67 in a 40-station system—the switchboard automatically shoots the carrier to a reject tube.

Computing Machine Boon to Shipbuilders

The government's big shipbuilding program (BW-Jan. 20'51,p25) may get help soon from the mathematician's best friend—the computing machine.

The machines can speed up ship designing by completing design calculations in seconds. They can solve intricate problems continually facing designers and engineers. Operating personnel can cut shipping costs by feeding into the machines many of the variables that occur in the movement of supplies and in ship operation.

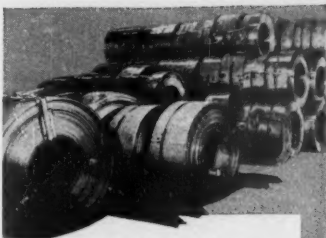
This is the gist of what a panel of computing-machine experts said at a meeting of the Society of Naval Architects & Marine Engineers, in Washington, D. C.

• **Slow Start**—Up to now, airplane and gun designers have had priority on the handful of computers available. A few, in fact, were built specifically for handling problems of aerodynamics. Though the Navy assisted in designing several computers, it used them mostly for ballistics, shied away from over-all design and operating problems. But there's a bigger reason why ship designers and engineers haven't used high-speed computers: Machines have to be talked up before they're used extensively.

• **Scope**—SNAME experts—from the Institute for Advanced Study (Princeton), International Business Machines, Bureau of Ships—unloaded some telling suggestions at the meeting:

• What happens when vital ship parts don't arrive from a supplier on time? Production engineers have to reschedule the timetable of ship construction down to the tiniest detail. How, without wasting valuable time? The experts agreed: Use fast computers.

• Designers can use computers to solve problems of hull construction. The hull ribbing on ships is irregular at bow and stern. This irregularity can't be expressed in mathematical formulas, experts said, but the factors in the irregularity can be fed into computers for quick answers. The computers will handle other design bugs, such as hull vibration and gear shapes for the propellers.



If You Use or Sell Over 1000 Tons of Coiled Strip per Year—

doing your own slitting may be a big convenience, and very likely also a big economy.

Investigate! First determine how much of your present strip cost represents slitting cost, and how much a Yoder slitting line would cost. You may find it will pay for itself in a year or two—possibly in much less time.

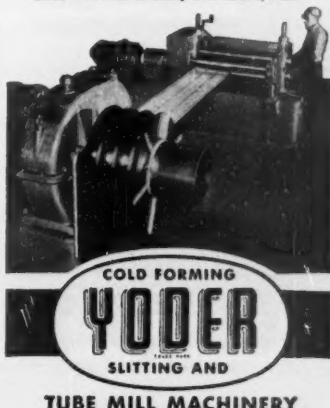
Consider other advantages: Reduction in inventories of coils and slit strands by as much as 60 to 70%; ability within a few hours to produce slit strands of any desired widths, from a relatively small stock of convenient coil sizes; production planning made simpler, easier; no long waits for deliveries; greater accuracy; no damaged edges; reduced freight and hauling cost; less bookkeeping.

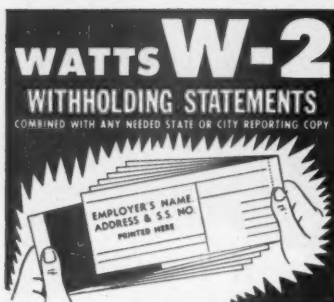
Yoder slitters often pay for themselves operating only three or four days per month.

Send for 76-page illustrated book, containing time studies of slitter operation, production, cost, and other practical information.

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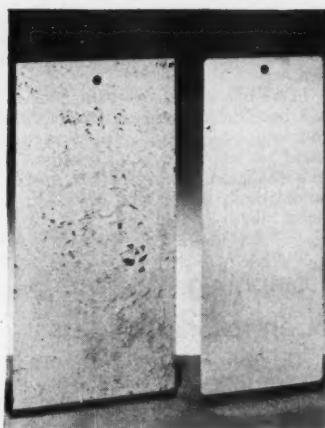
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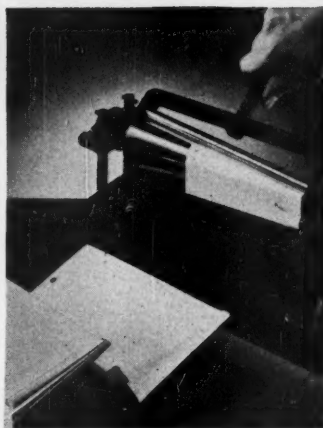
Name _____ Title _____

Business Address _____

City _____ State _____



HEAT TEST: Plaskon's new silicone-alkyd finish (right) survives 500 hr. at 350F. Conventionally finished melamine-alkyd panel couldn't take 50 hr.



TWIST TEST: New coating demonstrates flexibility and adhesion under severe bending; melamine-alkyd panel (foreground) peeled. Both were one-coat applications.



SERVICE TEST for another new Plaskon item: Researchers B. H. Kress and Harold Hoppens study truck exhaust tube with silicone-alkyd aluminized finish. Finish stood up under a six months' beating in actual service. Tubes on rack are getting lab workout.

Plaskon Eyes Silicones

As result of research on hybrid-surface finish using silicones, company is now in position to make them.

It's only common sense that when you're developing a new product you make sure you can get the components for it. Nowadays, you may want to go further. You may want to see whether you could produce the component yourself in a pinch.

That's just what the Plaskon Division of Libbey-Owens-Ford Glass Co. has

done at Toledo, Ohio. Plaskon works in chemical products, and chemical raw materials may well turn out to be a supply trouble-spot.

• **The Search Is On**—For some time, Plaskon has thought of using silicone derivatives in its coating compounds to give them more hardness, heat stability, and chemical resistance. The

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petroleum industry can
save precious light
fractions of gasoline**

Wiggins CONSERVATION STRUCTURES

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the **SURE**, safe way
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VAPOR LOSSES

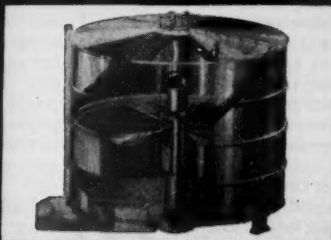
WIGGINS FLOATING ROOF

Floats on the liquid in storage tanks and eliminates vapor losses during filling. Remaining vapors can expand without venting. The only floating roof with Triple Seal protection! Has the Wiggins-originated long limber shoe to assure positive constant contact with tank shell.

WIGGINS DRY SEAL LIFTER ROOF

A gas-tight movable roof assembled in the top of a storage tank. It rises and falls with changes in vapor volume and liquid level to prevent escape of valuable gasoline components. A single lifter roof can serve as a vapor holder for two or three storage tanks.

In the gas tank of your car, light fractions of gasoline make for fast starts. But—those powerful elements also make a fast "get-away" when petroleum products stand or are pumped in or out of fixed roof storage tanks—before the motor fuel can reach your corner gas station. Today, the petroleum industry can stop 98% of those losses by changing to Wiggins Conservation Structures—savings that are important to you and every American.



Wiggins Dry Seal Gasholder

Stores expanding vapors and prevents loss when interconnected with a series of two or more cone roof tanks. The 100% dry Wiggins seal has no water to freeze, no heating, no fire hazard. No lubrication or adjustments needed.



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Always out... when you need one!

● Mr. Dodd is doggone disgusted. The Home Office wired that the new price lists must go out tonight—and there isn't enough postage in the office to cover the list! So instead of stopping at the mailbox, Mr. D. or his secretary will have to trek down to the postoffice in the rain, for stamps... Such occasions try men's souls—and make enthusiastic users for the DM.

● The DM is the newest and smallest postage meter... little larger than a desk phone. But it prints postage, any amount needed, for any kind of mail, directly on the envelope, with a dated postmark. And if you like, a small advertisement, too. Has a built-in sealer for moistening envelope flaps. Even handles parcel post.

● The convenience of always having the right postage available... the efficiency of metered mailing—has sold thousands of DMs the past year.

● There's a postage meter model, large or small, for everybody. Ask the nearest Pitney-Bowes office, or send the coupon!



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World's leading makers of mailing machines... offices in 93 cities...

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Please send free booklet on the DM.

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Firm

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idea was to combine a silicone derivative with an alkyd coating, widely used on consumer products (alkyds are resins made from polybasic acids and glycerines or glycols). The result, Plaskon figured, would be a new product that would compete with such coatings as porcelain.

But the number of silicone suppliers is limited. So before Plaskon went ahead, it investigated. It spent a lot of research time and money on silanes—chemical intermediates used in the manufacture of silicone products (BW—Nov. 26 '49, p. 59), found out what the silicone manufacturing problem would be. In the process, it picked up enough knowledge about silicones to make the stuff.

As yet, Plaskon hasn't had to go that far. But eventually, it plans to make the silicone chemicals it wants.

● **Success**—Meanwhile, it has its new product, is producing it in commercial quantities. The new heat-drying coating, called silicone-alkyd No. ST-856, is a chemically combined (as opposed to a mechanically mixed) silicone-alkyd coating resin.

● **Between Porcelain and Paint**—The coating's characteristics place it somewhere between a porcelain and a standard paint or lacquer coating. That is, it has some degree of the heat, acid, and abrasion resistance of glass coatings—the kind used in refrigerator interiors—yet it's easy to apply, like paint. And, like paint, this coating's first cost is relatively low.

The silicone lacquers alone don't give adhesion or sufficient flexibility to suit the Plaskon technicians. Also, they cure slowly. Combining them with alkyds results in a coating that cures fast and will go on with brush, spray, or dip. The coatings have a lot of color possibilities; they won't discolor at temperatures of 400F-500F. They have another important advantage: They require no primer on treated or untreated steel.

● **Uses**—Because of ST-856's ability to stand up against heat, weathering, humidity, and salt spray, Plaskon is readying the product for space heaters, transformers, chemical equipment, stoves, and signs. For the future, Plaskon technicians are working on it as a wire-coating compound, because it has high electrical properties.

Price right now is \$1.45 a lb. Plaskon says a "good volume" of sales will cut that price in half.

● **New Members**—This week Plaskon announced two additional members of the silicone-alkyd family. The first is an air-drying resin—ST-873, for use on ships and maintenance work. The second is a heat-drying aluminum-finish resin—ST-881, which works at temperatures up to 1,500F, for such applications as exhaust pipes.

PRODUCTION BRIEFS

Westinghouse has a new turbojet aircraft engine, the J40, said to be the most powerful yet developed. It has a thrust generating 14,000 hp. at peak air speeds, can be equipped with an afterburner that almost doubles its thrust.

More chemicals from natural gas is a joint research project of National Research Corp., United Gas Corp., and Electric Bond & Share Co. Long-range experiments will emphasize processes for strategic materials.

Boeing's gas turbine (BW—Apr. 15 '50, p. 26), now under contract to the Navy, will supply electric power for minesweepers. Current military needs and metals shortages have taken the 175-hp. turbine out of the civilian market, despite successful tryouts on heavy-duty trucks.


Plant expansions: A \$14-million hot-rolling mill is in the works for Carpenter Steel Co., Reading, Pa. . . . Michoud Industrial Facilities, a 110-acre plant at New Orleans, has been taken over by the government for assembly of tank engines by Chrysler. . . . Machine tools make up over half the cost of Cleveland Pneumatic Tool Co.'s \$2.5-million program for increased outputs of landing gears and allied products.

Zenith Radio Corp. plans to scramble the sound of its Phonovision signal (BW—Jan. 6 '51, p. 20) during test transmissions in Chicago. So far only the visual part has been jittered.

Kennametal, Inc., Latrobe, Pa., is making blades and housings from titanium carbide for a developmental model of a gas turbine. The firm—not a gas turbine manufacturer—hopes to promote wider use of the metal through the engine.

On-the-spot photos are made with a Signal Corps camera that doesn't require conventional chemical developers. Instead, the camera uses an electrically charged plate. The photographed image changes the charges on the plate, which is finally sprayed with charcoal to make the picture.

More power is in the offing when Alabama Power Co.'s \$27.8-million construction budget gets under way. Half of the budget will go into new generating plants that have a total capacity of 295,000 kw.



Pouring out since 1945

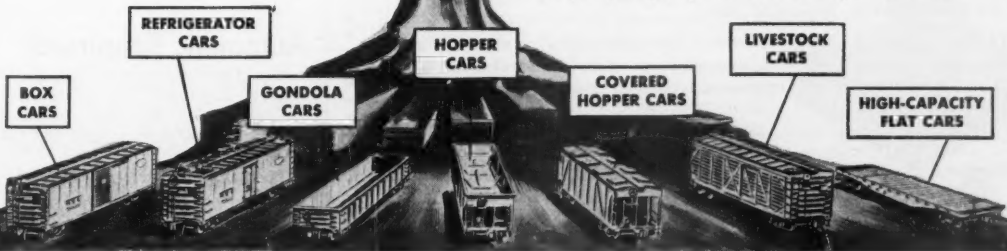
**50,742 New Freight Cars for
New York Central's
Preparedness Program**

Putting an 11,000-mile railroad into top working or fighting trim is no overnight job. You can't wait till record peacetime production or a national emergency creates the need.

That's why New York Central started building its new freight fleet in 1945... the minute steel became available. And Central has gone right on ordering an average of 10,000 new freight cars a year.

So, today, thousands of new New York Central freight cars are riding the rails. And more are rolling off the production lines daily in one of the largest new car programs in railroad history.

These cars represent a \$232,000,000 item in Central's preparedness plans. A vast *private investment* in the *public interest*. For it is by railroad freight, above all, that America mobilizes its might for prosperity in peace and security at all times.



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The Smooth Water Level Route



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Complete Ventilation Survey

For industrials faced with immediate defense production, adequate ventilation has many benefits: increased productivity, improved products, lower maintenance expense, satisfied workers, less absenteeism—to name just a few.

Improving your ventilation system involves more than just buying fans. It means selecting the type of fan or fans best suited to the specific job . . . and then installing these fans so that they will give best results. It is a specialized engineering assignment that calls for expert advice.

For over 20 years, Propellair has been helping leading companies solve their air moving problems. All this experience is yours, without charge. All you have to do is to request a survey of your ventilating problems, as described below.

Propellair Fans are economical . . . in initial cost, in operating expense, in maintenance. Above all, they are rugged and dependable. New vaneaxial designs permit efficient operation in pressure ranges formerly requiring centrifugal blowers. There's a Propellair Fan for every industrial need.

HERE'S ALL YOU DO!

1. For a complete survey of your plant by a competent sales engineer, write on your letterhead giving as much information as possible and suggesting a calling date that will be convenient to you.

2. If you have a specific problem involving a localized area, write on your letterhead—giving details, preferably with a sketch showing floor layout.

3. If you would prefer filling in an engineering data sheet to writing a letter, mail the coupon below to us.

MAIL FOR FREE SURVEY

PROPELLAIR DIVISION, Robbins & Myers, Inc.,
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Please send Engineering Data Sheet indicating essential data required for your suggested solution of our ventilating problems. I understand that this will be analyzed and returned with engineered recommendations, at no obligation.

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Company _____

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PROPELLAIR

NEW PRODUCTS



Easy-Handling Saw

Wright Power Saw & Tool Corp. has a portable pneumatic saw that is as accurate and easy to handle as a hand-saw but many times faster.

Twin reciprocating blades, side by side, work through a 4-in. stroke at 1,500 strokes per min. There's no thrust or torque, Wright says, because the two blades, moving in opposite directions, balance each other. The motor, housed in the 2-ft. saw handle, operates from any air compressor of at least 60 cu. ft.

Wright's saw can make a cut of any depth, up to 21 in. wide. The teeth are designed for crosscutting, ripping, and notching in hard or soft wood, and are supposed to throw sawdust away from the operator, leaving the blades unclogged. Since no guards are required, you have a clear view of the cutting operation at all times. The 4-ft. saw weighs 15 lb. Added feature: It can saw under water.

• Source: Wright Power Saw & Tool Corp., 292 Longbrook Ave., Stratford, Conn.

• Price: \$285.

Automatic Respirator

The Pncolator is a suitcase-size respirator developed by Mine Safety Appliances Co. It's used for treating victims of asphyxiating gases and radioactive particles.

Pncolator's lightweight Fiberglas case contains a 22-cu.-ft. oxygen cylinder, connected to the rubber and plastic facepiece by two corrugated rubber tubes. Two valves on the tubes "decide" automatically what treatment the patient needs, once the facepiece has been strapped on.

If the patient is breathing faintly or

not at all, the first valve goes into action, forcing oxygen intermittently into the patient's lungs at a predetermined rate. In between puffs, the patient exhales by the relaxation of lung walls and diaphragm muscles—it's like blowing up a balloon and then letting the air escape. Thus the Pneolator creates no negative pressure, prevents harmful suction that increases the flow of fluid to damaged lungs.

Once the first valve's action has re-established the patient's breathing pattern it shuts off automatically, and the second valve goes into action, supplying the oxygen that the lungs have begun to call for. The two valves shift themselves back and forth, depending on the patient's changing needs.

The company claims it's safe to use the instrument even on newborn infants. Anyone with first aid training supposedly can operate it after a short instruction course.

• Source: Mine Safety Appliances Co., Braddock, Thomas, and Meade Streets, Pittsburgh 8, Pa.

• Price: \$420.



Flame-Cutter for Tubing

Cutting tubular materials, such as steel piping, to prepare them for joining, is usually more or less a hand job. Heath Engineering Co. has a product, called Woerner Tubular Profile Cutter, that flame-cuts them into complex shapes automatically and accurately.

You place the tubing in a hollow steel spindle that extends through the machine's cabinet. The cutting operation requires two simultaneous movements: (1) The tube rotates in the spindle at variable speeds; and (2) a moving cam, at right angles to the tube, pushes a slide that controls the position of the torch. Contours of the cam are specially shaped for each type of cutting operation. When cut, the tubing is ready for welding or other fabrication.

The unit handles pipes with an inside



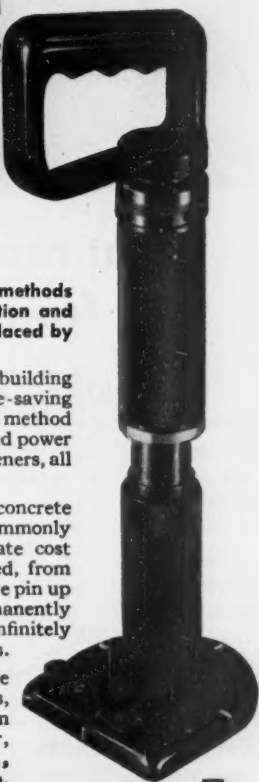
TODAY'S FASTENING JOBS
can't wait
FOR HAND-FORGED NAILS

Hand-forged nails gave way to faster methods just as, today, other slow, costly construction and industrial fastenings are being rapidly replaced by fast, easy, economical RAMSET SYSTEM.

To help meet urgent production demands, building and industrial men are turning to time-saving RAMSET FASTENING SYSTEM. This simple method combines a light, self-contained tool, graded power charges and a versatile range of steel fasteners, all integrated with competent engineering.

For fastening work involving mild steel, concrete and other materials, RAMSET SYSTEM commonly cuts time up to 90%, with proportionate cost reductions. Less than a minute is needed, from start to finish, to "Ramset" a stud or drive pin up to 6" long. RAMSET FASTENINGS are permanently tight, with great holding power, and are infinitely less fatiguing than old-fashioned methods.

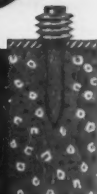
If you use fastenings that cannot be made easily and quickly with ordinary hand tools, we suggest you ask us if RAMSET SYSTEM can be applied to your work, to finish it faster, at less cost. Ramset Fasteners, Inc., 12115 Berea Road, Cleveland 11, Ohio.



**FASTEN
FASTER
WITH**

Ramset System

Pioneer in powder-actuated fastening





What tool gets more miles from tire moulds

...*A brush!* Precious hours are being saved by cleaning these moulds right in the press with Osborn power brushing. Otherwise, to insure continuous production, every mould would have to be removed and replacements installed after each vulcanizing operation. By simple cleaning with Osborn power brushing, expensive handling of a costly inventory of substitute moulds has been eliminated.

Performance reports show that moulds cleaned by power brushing require less maintenance and produce more units from each mould. Also, surface quality is smoother, and rejects from surface imperfections are minimized.

Your present or proposed product finishing operations can undoubtedly be improved through new Osborn power brushing techniques. A survey by your **Osborn Brushing Analyst** will demonstrate how. Simply write for an **OBA**. The Osborn Manufacturing Company, Dept. 411, 5401 Hamilton Avenue, Cleveland 1, Ohio.



**LOOK FOR THE NAME OSBORN . . . RECOGNIZED EVERYWHERE
FOR QUALITY WORKMANSHIP AND MATERIALS**

diameter of up to 6 in. Heath claims it can make any type of cut—angle, mitre, bevel, saddle—and form any shape or profile.

• Source: Heath Engineering Co., Fort Collins, Colo.

• Price: \$1,495 and up.

Clutch Upkeep Is Easy

Power Presses, Inc., makes a combination clutch and brake unit for driving medium and heavy machinery that's designed for easy maintenance. The unit has these features:

• You can change shoe and lining assemblies in a matter of minutes, while the unit is attached to the machine.

• You can remove all other wearing parts—driving mechanism, pistons, piston packings, springs—while the clutch is mounted on the machine, without using special tools or removing other parts.

• The unit is so designed that it is impossible to engage brake and clutch simultaneously.

It is suggested for use on machinery such as presses, power shovels, oil rigs, and paper, rubber, and rolling mills.

• Source: Power Presses, Inc., 615 Penton Building, Cleveland.

• Price: \$4,000 and up.

Automatic Lubricator

Railway yardmen periodically lubricate locomotive wheel flanges—the rims that keep them on the track—so that friction between the flange and rail side won't cause heat and wear. Rail Flange Lubricator Co. now has a mechanical unit, called Burrell Lubricator. It lubricates flanges automatically and continuously while the locomotive is moving. It mounts over the front driver wheels of the locomotive.

The unit consists of a small grease reservoir, a roller chain, and a chain guide. In operation, the chain passes through the reservoir, picks up graphitized grease, and carries it to the wheel flange. The guide keeps the roller chain on the flange when the locomotive wheel shifts sideways on the track. The flanges on the other wheels of the locomotive and railcars pick up the grease that the driver wheels leave on the side of the rails. Thus, they're lubricated, too.

Rail Flange says the unit reduces wasteful frictional drag without causing slipping and loss of tractive power. It's adaptable to all types of diesel and steam locomotives. The grease reservoir holds a 300-mi. to 500-mi. supply of lubricant.

• Source: Rail Flange Lubricator Co., 1135 S. W. Yamhill St., Portland 5, Ore.

• Price: \$650 a pair, including grease gun and mountings.

NEW PRODUCTS BRIEFS

A chameleon-like paint that changes color when the temperature rises is available from Tempil Corp., 132 W. 22nd St., New York City. Socony-Vacuum, now using the paint in engine research, says it helps in testing the efficiency of air-cooling arrangements and the heat-transfer qualities of lubricants.

The Electronic Strainalyzer for studying vibrations and strains records four separate signals simultaneously on a single 5-in. oscilloscope tube. Example: You can check relative pressures at four points of a gun barrel at the moment of firing. The self-contained unit is made by Electronic Tube Corp., 1200 E. Mermaid Lane, Philadelphia 18.

Combination heat-light unit is available from Salton Mfg. Co., Inc., 74 Reade St., New York 7. The glass heating panels are adaptable to most 48-in. fluorescent drop fixtures and radiate about 3,000 Btu. downward.

Leaf-type overload springs for autos or trucks can be adjusted to any height for any load. You get the height you want by placing spacers between the leaves in the middle of the springs. Made by Duo-Control Spring Co., East Lansing, Mich.



Sweet and Safe

If a woman looks well in a safety hat, she'll wear it. That was Boyer-Campbell Co.'s theory when it designed this headgear for workers. It's made of washable blue taffeta that's cool and lightweight, has a snood that adjusts for different hair lengths. But it protects hair from dirt and flying fragments with a minimum of mussing, says its maker, whose address is 6540 St. Antoine St., Detroit 2.

Adding wings to work horses

In the West and Southwest you will see another Missouri Pacific modern, progressive improvement

—sleek, steel freight cars, newly painted in the familiar blue, gray and yellow trim of the famed Mo-PAC Eagle streamlined passenger trains.

Their distinctive color identifies them as "Eagle Merchandise Service" cars, reserved exclusively for the transport of LCL shipments, and assured of swift, special and careful handling from loading dock to unloading platform. Call or write your Mo-PAC freight representative for details of this time-saving service for merchandise shippers.

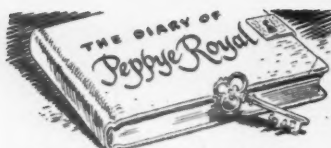


**MISSOURI
PACIFIC
LINES**

**1851
A CENTURY
OF SERVICE
1951**

Modern

Progressive



Craftsman & Paragon of Fine Furniture wrot of Steel; who also delivers of his thoughts on Many Another Topic

Jan. 1st—Busied myself in my Home with divers thoughts of the New Year. Decided to make no New Resolutions, since many Olde Ones there are which want attending.

Jan. 6th—At the theatre viewing "Captain Brassbound's Conversion" by the Late Mr. G. B. Shaw, where-at I learned again the Ancient truth that Womankind need not know North from South; for it is the Temperate climes of her native Flattery man dearly prefers.

Jan. 14th—While at Worship this Lord's Day, I did reflect on the Battle between Progress and Tradition, especially in that the efficacy of Prayer would be no less if it issue from one seated Comfortably, than from one seated in olde-fashioned Hard Pews.

Jan. 15th—Lay abed with the Fevers, my good friend, Press Heller, attending. In discussing my furniture he informs me that most people take Chairs and Wives for granted. I asserve it wise to take neither for Granted; Strength, Appearance & Comfort are virtues of Both.

Jan. 16th—I to the workshop, where Deliveries of my Goods continue Months behind schedule. If purchasers cannot obtain my Royal Furniture, may I suggest they buy from My Competitors, who are Good People & Make Good Products.

Jan. 18th—Comes my Postman burdened with another Mail-Sack, one of many Since the Appearance of my poor Diary last month. Much encouraging Comment it hath brought forth; and I being truly Gratefull.

Jan. 19th—At the Coffee House did this day meet an olde friend, Tuteur; he recalling that the Common Counter Stool now used in Taverns & Inns was first Designed & Crafted in my workshop just after the Turn of the Century. This by request of Mr. Marshall Field, Merchant, for a revolving stool suitable for his Glove Counter.

Jan. 22nd—Hard put to sleep from pondering Many Things. Concluded that psychiatrists have Succeeded because People have failed.

Jan. 24th—To Galt, Canada, where my Furniture of Steel is made for those who live in the Dominion. Much pleased to learn of shipments to Labrador, Alaska & Iceland; even at the Arctic Circle my wares receive no Cold reception.

Jan. 26th—After much thoughtfull Toil, my new Catalogue is near Compleat. A Worthy Volume, it does well for My Customers, my Goods, My Advertising Counsellor; and is soon happily available to Anyone who does but poste Request.

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FINANCE

"Retail" Banks (NYC)

	Dec. 31, 1950 Deposits	1950 Expenses	1950 Net Operating Earnings	1950 N.O.E. as a % of Deposits
Chase National	\$4,871,424,028	\$57,605,000	\$18,495,000	0.38 %
Corn Exchange	778,684,575	11,344,077	3,619,150	0.46
Bank of Manhattan	1,212,071,132	20,113,098	6,037,538	0.50
Manufacturers Trust	2,581,949,234	36,398,083	11,673,918	0.45
National City	5,130,853,626	70,567,786	22,935,453	0.45

Retail Banking Means Big Volume, High Costs, While . . .

"Wholesale" Banks (NYC)

	Dec. 31, 1950 Deposits	1950 Expenses	1950 Net Operating Earnings	1950 N.O.E. as a % of Deposits
First National	\$580,741,771	\$6,389,889	\$6,418,267	1.11 %
Guaranty Trust	2,503,010,000	30,599,659	16,962,678	0.68
Hanover Bank	1,616,865,824	17,852,175	7,120,648	0.44
Irving Trust	1,218,560,042	16,642,403	7,406,412	0.61
J. P. Morgan	558,810,438	7,624,146	3,322,689	0.59

. . . Wholesale Banks Do A Low-Cost, Selective Business

Big Accounts Pay Off, Too

Many banks still refuse to join scramble for small accounts through neighborhood business. They're not growing so fast as the "retailers," but they earn more money per deposit dollar.

Plenty of U.S. banks still prefer the Saks Fifth Avenue style of business to the Woolworth way.

The trend toward neighborhood banking—handling the money problems of middle-income people, lower-income people, and local businesses through neighborhood branches—has been a major feature of U.S. banking for the last 25 years.

• **Fast Growth**—But not all bankers agree that retail banking is the best thing for their particular banks. New York City, for instance, still has plenty of big banks who are satisfied to stay out of neighborhood banking. That's in spite of the fact that in the postwar years the "retail" banks have grown much faster and earned a higher percentage on their invested capital (BW—Aug. 26 '50, p. 65).

• **"How Come?"**—A stockholder of the Guaranty Trust Co., a bank that shies away from retail banking, asked the board chairman "How come?" at the Guaranty Trust's annual meeting the other day.

Board Chairman J. Luther Cleveland told the stockholder that the Guaranty had considered merging with a bank that had a branch system—and had decided not to.

"When we compared their business with ours," said Cleveland, "we found

that, if we conformed their salaries to ours and conformed their investments to our policy, we would have actually made less money after the merger." He said that Guaranty would stick to its policy of a few big branches.

You might call banks like the Guaranty "wholesale" banks, because their average loan transactions are large, and at low interest rates. They deal for the most part with large corporate and individual accounts, although they do have some small depositors and make some small loans.

• **Mass Production**—Wholesale banks do not have mass-production facilities for retail services like small checking accounts on which the bank makes a service charge, consumer credit loans, small business loans, and savings accounts. There are exceptions: Irving Trust Co.'s personal loan department, for instance. But, in general, wholesale banks deal with the bigger depositors, although in their trust departments they do more business with the general public.

You can divide wholesale banks into two categories: (1) the banks that do all their business from a single office on Wall Street, like the First National Bank of New York and J. P. Morgan & Co., Inc.; (2) the banks that have a number of large branches, located in

key commercial areas in midtown Manhattan, where the emphasis is more on larger accounts. The Hanover Bank, for instance, has nine branches; the Guaranty Trust, three.

Since retail banking yields more on capital, why don't wholesale banks go further into retail banking? Last year one did. Bankers Trust Co. picked up about a dozen branches to go into neighborhood banking on a large scale (BW—Dec. 16 '50, p. 110).

• **High Costs**—But Cleveland's remarks point up the two big reasons why many wholesale banks stay that way: (1) Branch banking is a high-cost operation, requiring big volume to pay off; (2) it makes necessary a change in the character of the bank.

The table (page 76) tells the story on costs. All but one of the five typical wholesale banks listed were able to earn more money per deposit dollar in 1950 than any of the retail banks. ("Net operating earnings" includes all net income except profits or losses from security sales.)

• **Earnings**—For instance, the Manufacturers Trust Co., which has the biggest branch system in New York, had about the same deposits at yearend as the Guaranty. But its operating expenses were about \$36.4-million to the Guaranty's \$30.6-million. And it earned only \$11.7-million to the Guaranty's \$17-million.

This is because branch banking requires big payrolls, more pension fund payments, and other fringe benefits—expenses that are likely to go up in a period of inflation. And you have to have a bigger investment in bank offices, higher rental obligations, more operating expenses of every kind.

Many of these costs are fixed. That could hurt retail banks badly if business turned down sharply later on. It might require layoffs, which are poor public relations for any bank. In the 30's some prominent retail banks had to close branches.

• **Capital Ratio**—However, there is another side to the picture. The Manufacturers' operating earnings in 1950 were 7.8% on its invested capital. The Guaranty earned only 4.5% on invested capital. In the same way, the Manhattan earned about 7.5%, compared to 6.3% for the Irving.

That's because the typical retail bank spreads its capital funds thinner than the typical wholesale bank. In other words, retail banks have more deposits in relation to their capital than wholesale banks.

• **Personality Shift**—The other big reason why more wholesale banks don't make the plunge into retail banking is this: If a bank is going into neighborhood banking, it's got to go whole hog to get the necessary volume. That's something of a risk in a period like

You Should Plan Now to Balance Capital Ratios

LOANS TO BUSINESS SOAR TO NEW MARK

\$79,000,000 Increase Noted
for Reserve Bank Members
Biggest Gain Since Nov. 1

TOTAL HITS \$6,086,000,000

Advance in Week the 26th in
27 Weeks—But Earning
Assets Dip \$52,000,000

The upward surge in business borrowing from the New York City banks continued unabated last week, as commercial loans rose \$79,000,000, the largest weekly advance since Nov. 1. Expanded requirements for sales

Newspaper
Clipping of
Dec. 8, 1950

In the present period of expanding production accompanied by rising costs of material and labor many companies are financing by creating floating debt.

We recommend taking steps now—while security markets are active and favorable—to carry out permanent financing required to restore proper balance to capital structures. New capital can again be raised with a comparatively equal choice among bonds, preferred stocks and common stocks.

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today when inflation is driving operating costs upward. Volume of deposits will have to go on increasing in order to keep ahead of costs.

Going whole hog means that a wholesale bank must change its entire personality. A big part of that personality is the people in the bank. Neighborhood banking calls for a type of junior executive not usually found in Wall Street—and for a different sort of senior officer at the head office. You can't take any assistant cashier out of a big Wall Street bank or a big Manhattan branch, and expect him to be a success running a small branch in Queens.

Wholesale banks pride themselves on their conservative personality—the atmosphere of their offices, the distinctive character of their executives, the dignified way they do things. To their old customers, this spells stability as strongly as does the more conservative capital-deposit ratio on their balance sheet. It's a hard thing to change.

• **Just So Much**—Then, too, there is a limit somewhere to how much retail banking business can be done in New York City. A newcomer to the neighborhood banking field would have tough competition from established giants like National City, Chase National, and Manufacturers Trust, as well as smaller banks that have been in the retail game for years. It will also get competition from finance companies and savings banks, some of which are now its good customers.

Perhaps it's too late now for many more wholesale banks to take up retailing. Here's what one observer of the banking scene says: "The time for New York banks to decide whether they should enter retail banking was 15 years ago, not now. Many bankers didn't want to in those days. Now, even if they should change their minds, it's too late."

• **Room for All**—In a city as big as New York, there's a reason why all banks should serve the general public. Banks can afford to specialize, to seek the business they like best. However, there is danger here. For a bank to survive, it must be able to turn up new customers continually in its chosen fields. For time is continually closing out accounts.

A bank like J. P. Morgan & Co., for instance, can afford to specialize in corporate accounts. Even though New York may be declining as a money center, while other parts of the country are developing, there will always be plenty of new opportunities for a New York bank that can do a top-notch job for the new corporations that are coming up on a national scale.

A New York bank can survive indefinitely without going into retail banking. But it must find other banking fields that also have a future.

Local Tax Boosts

States and cities face rising costs, prepare to join federal government in heavier assaults on your pocketbook.

Don't get the idea that the federal tax gatherers will make the only assault on your pocketbook this year. Local fiscal authorities are also fixing it with a beady eye. Some of them have already taken steps to hike sharply their 1951 cut of your bankroll. Here are a few recent samples:

Massachusetts residents have been told by Gov. Paul A. Dever their state's expenditures in 1951 may well exceed \$357-million, compared with last year's \$261.8-million.

Maine legislators had a bundle of bad news presented to them last month: the largest budget in the state's history. According to Gov. Frederick G. Payne, 1951 expenditures will run around \$57.8-million, against 1950's \$50.2-million. Revenues from present taxes will fall some \$7.7-million short of paying this year's record bill.

New York City has just voted a \$250 annual cost-of-living bonus to 120,000 employees now earning up to \$7,500 a year. This alone is expected to up the city's annual costs some \$30-million. And coupled with other new fiscal burdens, it forecasts a 1951-52 budget some \$87.8-million higher than the current record-breaking \$1.2-billion.

• **New Taxes**—Obviously, local taxpayers will have to bear the burden of these expenditures.

Massachusetts' Gov. Dever, for example, has suggested 10 new or higher levies. Among them: (1) a hike in the gasoline tax rate, motor registration fees, and inheritance tax; (2) upping the return from the state's income tax through various changes in the law; (3) a new investment trust share levy and a new automobile dealers' excise tax.

• **Sales Tax**—Gov. Payne of Maine has suggested one brand-new tax and the elimination of two old ones. He says this would provide the new money and permit Maine to "overhaul its antiquated, inequitable tax structure."

Payne wants to eliminate the state property tax, which has been bringing in \$5.5-million yearly, and the \$600,000 tobacco tax—a levy on all tobacco products except cigarettes, which are now taxed 4¢ per pack. Those two would be replaced with a 2% sales tax on all transactions except food for home consumption. Payne estimates the sales tax would bring in \$12-million yearly.

• **New York**—New York City Mayor Vincent Impellitteri proposes some new

taxes, increases in the rates of some old ones, and increased state aid.

Rates of the current taxes on retail sales, utility bills, and restaurant meals of \$1 or more, for example, would be hiked 50%—from 2% to 3%. It is estimated this would raise about \$60-million annually.

The city would also duplicate for itself the state tax on the transfer of securities, which runs at a graduated rate of 1¢ to 4¢ a share. The city figures it could collect some \$16-million from this source.

The city's liquor license tax would be increased to obtain another \$3-million a year. Also mentioned are: (1) \$6-million annually from a new \$5 impost on passenger automobiles and \$10 on trucks; and (2) \$6-million from a 2¢ tax assessment on bank checks.

New Financing Program for Kaiser Aluminum

Mobilization has made it possible for another of Henry Kaiser's companies to switch from government to private financing.

Last week Kaiser Aluminum & Chemical Corp. announced it would get \$115-million of private money to expand its aluminum capacity. Kaiser Aluminum will use about \$38-million of this money to pay the U. S. what it still owes on plants acquired from War Assets Administration. The rest goes to build a new plant on the Gulf Coast.

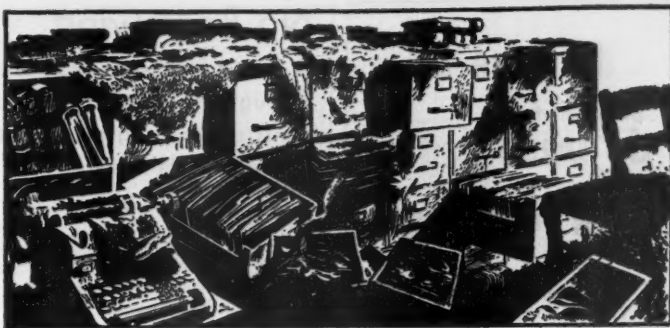
• **Parallel**—Arranged through Wall Street's First Boston Corp., the deal is very much like the financing that First Boston worked out for Kaiser to pay off its government mortgage on the steel plant at Fontana, Calif. (BW—Sep. 16 '50, p104).

In that case, private interests were willing to finance the Fontana plant because Korea made it certain that there would be a strong, long-term demand for steel. Before that, Fontana's competitive position had seemed precarious.

Here, the situation is even more favorable. To increase aluminum capacity (BW—Dec. 2 '50, p25), the government will guarantee sale of aluminum for five years from the new plant. It will permit accelerated depreciation for tax purposes within five years.

• **Plans**—Kaiser is the first aluminum producer to announce its financing plans under the program. The new plant will increase the company's production about 200-million lb., or 80%.

Kaiser will sell \$75-million of 25-year first-mortgage bonds to a group of insurance companies, borrow \$40-million from banks in term loans, due in five or six years. The deal won't go through until the government puts its agreement with Kaiser in contract form.



What would it cost to replace your records and books?

(Files, accounts, ledgers, blueprints, abstracts, library, inventory, etc.)

Based on Claim File No. 96B8785 of the Hartford Accident and Indemnity Company. On September 10, the office of our warehouse was damaged by fire, resulting in a \$28,000 loss to building, machinery and equipment. This was in line with our estimate of value when the insurance was bought. However, we were certainly in for a surprise when we began to figure the cost of replacing blueprints, inventory records, etc.! Our first guess was around \$5000, and this price went up every day until now we know that the records destroyed could not be replaced for \$40,000. We had \$25,000 Records Destruction Insurance, which we thought more than enough, and yet this fire destroyed only a small part of our records. We appreciate very much the way Hartford handled this claim and the promptness with which we were paid.

• • •

Most business and professional men need **Records Destruction Insurance**. This covers **replacement cost**, not only against fire but against loss due to explosion, windstorm, theft and most other causes.

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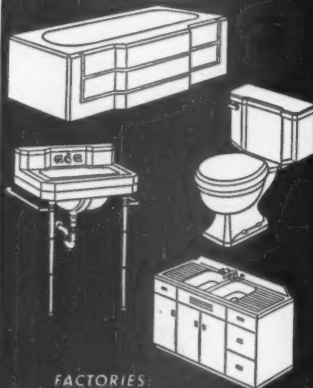


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No Borrowing

U.S. Steel says it can carry through present \$678-million construction program without help of outside loans.

U. S. Steel can carry out its present \$678-million construction program without any outside financing. "And we hope it may not ever be necessary for us to do any," said board chairman Irving S. Olds this week.

Olds announced that "the corporation" had earned \$215-million in 1950, largest annual earnings since 1917. About 7.3% of record sales of \$3-billion came down to net profits. That compares with a ratio of 7.2% on sales of \$2.3-billion in 1949.

• **Dividends**—Out of earnings of \$7.28 per common share, the company paid out \$3.45 in dividends during 1950. This dividend payout of 47% is similar to Big Steel's dividend policy in previous postwar years.

The company can pay for expansion out of: (1) \$250-million of special funds set aside for construction expenses; (2) depreciation and depletion reserves, amounting to \$144-million in 1950 alone; and (3) retained earnings, about \$100-million in 1950. At yearend, the corporation had net current assets of \$442-million, not including the \$250-million set aside for construction.

• **Capacity**—Olds said he thought government money should not be used to finance steel expansion. "The steel industry itself," he said, "has given pretty convincing proof of its willingness to increase capacity to fill the needs of the country."

Seattle To Buy Utility

That "he's in—he's out" vote by Seattle citizens on whether they want to buy Puget Sound Power & Light Co. (BW—Nov. 18 '50, p118) has finally been settled. Seattle will buy the company's property.

After the proposal to buy the power company finally squeezed through by 681 votes, county prosecutor Charles O. Carroll found irregularities in the way election officials had tabulated the returns. So he ordered a recount. Carroll said there was no sign of fraud

The Pictures—Cover by Bob Isear. Acme—19, 25 (top rt.), 88 (lt.), 97; Lynn Crawford—100 (bot.); Harris & Ewing—88 (rt.); Int. News—89; Wide World—84; Dick Wolters—22 (bot.), 23, 42, 46.

and that he was sure the officials had just been taking short cuts to speed up their work.

The recount was completed last week. It showed that the purchase proposal had carried by 724 votes. Now it's expected that the city of Seattle will call for bids soon on a \$28,850,000 issue of utility revenue bonds to pay for acquisition of the company.

FINANCE BRIEFS

Glenn McCarthy has stepped out as president of McCarthy Chemical Corp. and New Ulm Corp. Russell M. Riggins, an accountant selected by Metropolitan Life Insurance Co., succeeds him and will also be treasurer. The Met said it would choose its own treasurer when it loaned McCarthy \$5-million last summer (BW—Jul. 15 '50 p28).

AT&T's convertible debentures (BW—Jan. 27 '51, p108) got off to a good start before they were even issued. Sales on the New York Stock Exchange on a "when issued" basis put a price tag of \$112 on them. Stockholders can subscribe at \$100.

Life insurance sales hit a new December high, according to the Life Office Management Assn. Sales were almost \$3-billion, up 35% over December, 1949. Group insurance alone climbed 131%. Total sales for 1950 were \$29.9-billion, up 26% over 1949.

Stock split: Standard Oil Co. (N. J.) will propose a two-for-one split at the regular June stockholder meeting.

The path to riches is often shorter for the small businessman who builds his own company than for the high-paid executive of a big corporation. A survey of executive pay made by the National Industrial Conference Board concludes that the income tax law favors him who travels alone.

A football stadium was pledged for a mortgage loan made recently by a New York life insurance company, according to trade talk. The loan tied up revenues from sports events. The interest rate was said to be under 3½%.

Du Pont stockholders increased by nearly 16,000 in 1950. At yearend the company had 125,000 owners.

Amco Steel Corp. will offer 884,000 new shares to stockholders on the basis of one new share for each five held.

More Prudent Men

New York bill would allow life companies to invest 5% of assets in stocks under "prudent man" standards.

There's a definite possibility now that in the near future New York State's life insurance companies may get authority to invest at least part of their reserves in preferred and common stocks.

• **5% in Stock**—Last week a new type "prudent man" law was introduced in the state legislature. Under its provisions, all local life companies and fraternal benefit societies would be allowed to invest up to 5% of their assets in the equity securities of any American corporation registered with the Securities & Exchange Commission. Chances of the bill's passing are considered excellent.

The announced purpose of the bill is to permit life companies to earn a higher over-all return than they can get from their present limited fields of investment. Companies would have a fairly free rein in choosing the stocks they want to buy.

• **"Discretion and Intelligence"**—The sole requirement, in fact, would be that stock purchases would have to be confined to "such securities as would be acquired by prudent men of discretion and intelligence in such matters who are seeking a reasonable income for the preservation of their capital." Thus the proposal basically isn't much different from the other prudent man law, which passed in Albany last spring (BW-Apr. 1 '50, p82). This permitted trustees of trust funds, which are restricted to the so-called legal list of securities, to invest up to 35% of the funds in non-legals, including commons and preferreds.

• **Looked For**—Introduction of the new bill was no surprise. Last summer a special committee of insurance officials was set up to work out the details of just such a proposal (BW-Jul. 22 '50, p77). It's expected that the trade, with some exceptions, will actively plug for passage.

So far the New York State Insurance Dept. hasn't publicly taken a stand for or against the new legislation. However, it has indicated that it isn't openly against it. So the insurance trade figures there will be little official opposition to the bill.

• **40% of Total**—New York life companies account for some 40% of all the life trade's estimated \$60-billion assets. Passage of the bill would probably release about \$1.2-billion for investment in stocks.



The Man of Decisions ... the Plant Manager

The function of a Plant Manager is primarily to maintain a spirit of cooperation among all of his departments and coordinate their activities for a smooth over-all plant operation.

During his average day he listens to recitations of many problems and is called upon to make countless decisions. He must endeavor to maintain a profitable operation without sacrificing quality or impairing plant facilities.

In striving to keep his plant at high efficiency he quickly learns of the places where his immediate attention and seasoned judgment are required. He doesn't want production to suffer because of someone's neglect in not replacing obsolete equipment, or because of the lack of proper materials, or not recognizing the handicaps under which the personnel must work.

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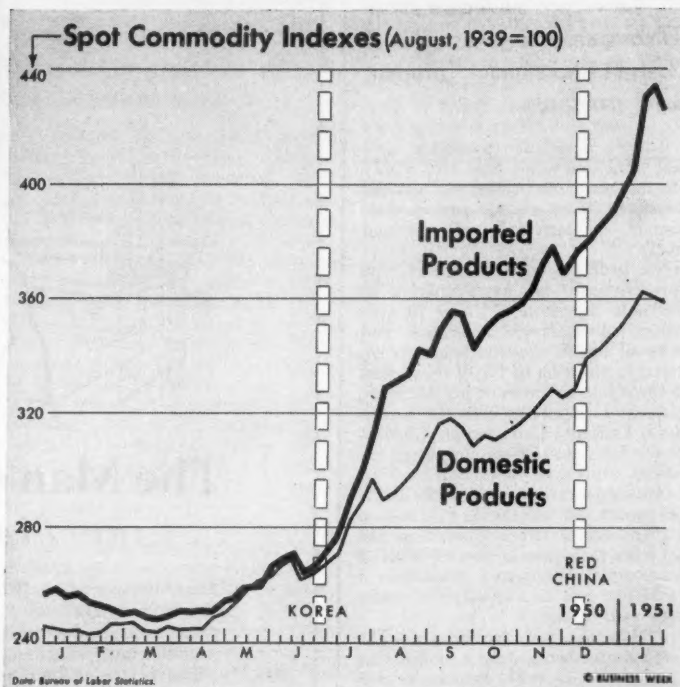
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THE MARKETS



Squeeze on Futures Trading

Commodity markets caught between ceilings and upward pressure of prices. Some will be shut, but latitude on farm products will keep others open. Government buying is another factor.

Commodity markets have about done a good thing to death. They went up so far and so fast that price controls became inevitable. And when price controls come, free markets tend to dry up.

The reasons are simplicity itself: Everybody is out to get materials because (1) the stuff already is scarce, or (2) it might get scarce. In such a scramble, commodities aren't likely to sell much below the ceilings. And the federal orders keep them from going above. That doesn't leave much turnaround room for traders.

• **Special Treatment**—That's in general. But it doesn't mean that exchanges like the Chicago Board of Trade or the New Orleans Cotton Exchange are going to have to close down. Numerous big exchanges were able to keep auction markets going throughout World War II because of special treatment for farm products. And something quite similar—if not iden-

tical—seems to be afoot once again.

But other markets aren't so fortunate. Trading in rubber futures already is a casualty. Markets in the major non-ferrous metals had to close down during World War II because ceilings left no room for the thing that makes markets—a difference of opinion on prices. These future markets in metals may peter out again.

• **Top Level**—Meanwhile, government deals that will override materials contracts by individuals and corporations are in the works. England, France, and the United States want to see more equitable division of commodities, particularly metals, vital to the common defense.

The logical outcome would be buying—and pricing—at the governmental level. Nothing is more poisonous to private trading and free markets.

Many of our imports would be affected. An unnatural situation exists in such products. An American im-

porting copper, for example, has to pay the domestic price plus the tariff of 2¢ a lb., or a total of 26½¢ a lb. Ordinarily, for copper to climb the tariff wall, the foreign seller would have to accept the U.S. price, less the duty.

• **Upward Pull**—Thus on dutiable imports, foreign prices generally top home markets. That exerts a very strong upward tug on domestic prices—a situation that price controls can cure only by choking off the imports. And the government, of course, doesn't want to see war-vital imports choked. So, to

protect domestic ceilings, it's natural for Uncle Sam to take over the imports—paying the premium price with one hand and collecting the duty with the other.

• **Cotton**—What will happen to farm products as they approach parity—where ceilings may legally be applied—remains to be seen. But cotton, above parity now, had troubles this week. Big markets remained closed, awaiting clarification of its position. The problem: Was there a ceiling on raw cotton or just on things made of cotton?

"Korean Market" Grows More Selective

Investors lately have become increasingly selective in their stock purchases. Although still favoring some earlier pets, they've begun to ignore others, to shift their affections.

Take the industrial group in the price sampling below. Such erstwhile favorites as American Woolen, Atlas Powder, American Viscose, Sears, Roebuck, and National Dairy com-

mons now show smaller "Korean market" gains than at the yearend. Others, like Anaconda, du Pont, Pacific Mills, and Union Carbide, have risen but slightly.

Still flourishing, however, are such old pets as Gulf Oil, U.S. Rubber, and U.S. and Bethlehem Steel. Emerging as new favorites: Chrysler and Zenith Radio.

Industrial Common Stocks	Gains from "Korean Low"					
	Pre-Korean Level	"Korean Low"	Dec. 31, 1950	This Week	Dec. 31, 1950	This Week
Dow-Jones Average.....	224.35	197.46	235.41	248.64	19.2%	25.9%
Allied Chemical & Dye.....	\$62.00	\$52.00	\$59.00	\$60.25	13.5	15.9
American Airlines.....	11.25	9.87	13.75	14.25	39.3	44.4
American Can.....	114.75	90.12	93.25	99.50	3.5	10.4
American Tobacco.....	68.25	62.75	64.62	67.00	3.0	6.8
American Viscose.....	44.12	37.50	63.00	60.00	68.0	60.0
American Woolen.....	26.00	23.12	45.00	43.75	94.6	89.2
Atlas Powder.....	30.50	27.50	39.75	37.25	44.5	35.5
Anaconda Copper.....	32.12	28.50	40.12	41.37	40.8	45.2
Bethlehem Steel.....	38.00	33.00	48.50	59.87	47.0	81.4
Chrysler Corp.....	80.00	62.50	68.75	79.62	10.0	27.4
E. I. du Pont de Nemours.....	80.00	65.50	84.00	86.00	28.2	31.3
Federated Department Stores.....	41.75	33.37	48.62	50.50	45.7	51.3
General Electric.....	49.12	41.25	49.75	54.62	20.6	32.4
General Foods.....	50.37	44.12	45.62	44.50	3.4	0.9
General Mills.....	56.00	52.50	61.50	61.00	17.1	16.2
General Motors.....	48.62	38.25	46.25	50.00	20.9	30.7
B. F. Goodrich.....	32.92	27.67	41.42	44.12	49.7	59.5
Gulf Oil.....	72.00	62.50	81.75	90.75	30.8	45.2
National Dairy.....	43.67	36.00	49.00	47.00	36.1	30.6
Pacific Mills.....	34.50	30.75	46.00	46.50	49.6	51.2
J. C. Penney.....	58.50	54.75	67.37	69.00	23.1	26.0
Sears, Roebuck & Co.....	47.87	40.00	52.50	52.25	31.3	30.6
Standard Oil (N. J.).....	78.25	69.62	91.75	100.62	31.8	44.5
Union Carbide & Carbon.....	49.00	40.12	55.12	56.12	37.4	39.9
United States Rubber.....	44.00	38.37	51.12	58.12	33.2	51.5
United States Steel.....	36.00	31.00	42.12	47.12	35.9	52.0
Westinghouse Electric.....	36.00	29.12	34.50	37.50	18.5	28.8
Zenith Radio.....	63.75	40.37	47.62	60.00	18.0	48.6
Railroad Common Stocks						
Dow-Jones Averages.....	55.85	51.24	77.46	84.90	51.2	65.7
Atchafalaya, Topeka & Santa Fe.....	\$118.25	\$105.00	\$150.50	\$159.50	43.3	51.9
Atlantic Coast Line.....	46.75	42.00	70.25	73.50	67.3	75.0
Chesapeake & Ohio.....	27.00	25.00	34.37	35.75	37.5	43.0
Great Northern (Pfd.).....	35.87	33.00	49.50	53.50	50.0	62.1
Illinois Central.....	41.00	35.62	58.37	64.00	63.9	79.7
Louisville & Nashville.....	37.75	35.00	50.00	58.37	42.9	66.8
New York Central.....	13.50	11.62	21.37	24.37	83.9	109.7
Pennsylvania.....	16.00	14.50	22.62	24.87	56.0	71.5
Southern Pacific.....	55.75	49.00	66.50	69.87	35.7	42.6
Southern Railway.....	36.75	33.25	50.75	56.12	52.6	68.8
Union Pacific.....	85.12	81.00	105.00	107.75	29.6	33.0



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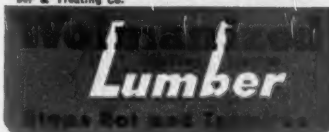
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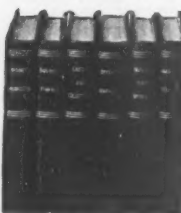
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Jolt to Taft-Hartley

Unions contend law is bar to quick settlement of mobilization disputes. Ching suggests rewording may be needed. Issue is most serious threat to act since passage.

The controversy over the most embattled law this nation has had since the Civil War seems to be dying down. But the Taft-Hartley act is no dead issue; a new and more formidable attack on the law is in the making.

• **Mobilization**—The coming attack was signaled last week by Wage Stabilization Board Chairman Cyrus Ching in his appearance before a Senate committee. Ching suggested it might be necessary to "reword" Taft-Hartley—to avoid conflict with the handling of disputes during the industrial mobilization period.

Ching was saying gently what union officials have been discussing intensively for the last few months—that Taft-Hartley is a bar to settling labor disputes quickly and effectively. The unions feel certain that the need of the times is for quick, effective settlement of disputes, and that Taft-Hartley must yield before it.

• **In Step**—Basically, Ching may not agree with them completely. He is,

however, head of a tripartite board, the leader of a management-labor-public team that will have much to say about how labor disputes will be handled. To keep his team in step, he must reflect some of labor's thinking, as well as industry's.

• **Stale Issue**—As a political issue, Taft-Hartley has gone stale. The 81st Congress took care of that when it soundly beat the Truman-labor coalition for repeal. But the coalition managed, in turn, to frustrate efforts of Sen. Taft and moderate Republicans to amend the law—to make it work better and make it less of an incendiary symbol to the unions.

Today the strong sentiment in Congress is: "Keep the Taft-Hartley act as it is." Proof of that is the way the Defense Production Act was written. It contains a provision that says "no action inconsistent with" the Taft-Hartley act shall be taken.

• **Threat**—Yet the national emergency that spawned DPA is the very thing

that threatens Taft-Hartley more seriously than it has ever been threatened before.

In World War II, the War Labor Board wrote its own ticket. A War Labor Board operating under Taft-Hartley would have considerably less freedom of action.

Here are some examples of what Washington officials see as points of conflict:

The bargaining agent. The Taft-Hartley act prohibits the National Labor Relations Board from holding more than one collective-bargaining election a year.

Suppose a shipyard, which will ultimately have 15,000 employees, is approached, when it has only 3,000 men hired, by a union with a demand for recognition. This happened more than once during World War II, and WLB prodded NLRB into holding a quick election. NLRB conducted its poll—but without prejudice to the right to another election six months later, when the yard would be fully manned. It realized that the bulk of employees, still unhired, might prefer another union.

Recourse to a second election is banned by T-H. Labor experts see this as a potential source of unrest when quick expansion is the order of the day.

Rival unions. T-H makes it necessary for an employer to deal with individual employees or groups of employees when they don't want to be represented by the union then recognized.

Suppose, in the shipyard case, a second union, foreclosed from an election, organized groups of employees to present their grievances. The first union would be boiling mad. It is a potentially dangerous situation.

Challenges. T-H permits the employer to ask for an election when confronted with a union demand that he bargain.

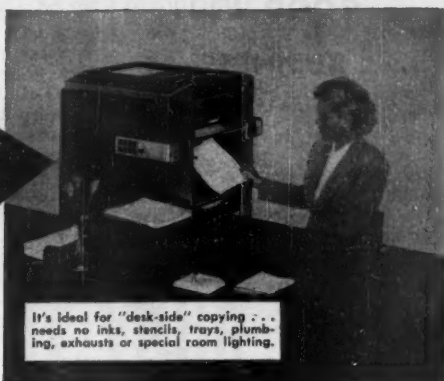
This section of the law has been invoked by employers who, at contract termination time, believe the union they have been dealing with no longer represents a majority of their employees. During the tenure of the War Labor Board such questions were brushed aside. In the interest of eliminating disturbances, WLB made the presumption that the union's certification still held. Under T-H this can't be done.

Union security. T-H outlaws the closed shop. And it makes a contract providing any form of required union membership permissible only after an election.

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position of management. Under T-H, no system can be legal that in any way makes employment conditional on union membership—without an election being held on the union-shop question. Thus any tribunal's ability to make a final disposition of union security questions is sharply limited by the T-H law.

Union discipline. T-H provides that no union can ask an employer to discharge a union member for any reason except failure to pay his union dues.

The War Labor Board effectively exploited a "no-strike" pledge from the unions in keeping down the number of wartime strikes. The top leadership of the labor movement joined in making that pledge. When a local union official or leader of a dissident faction led a local group out on strike, the parent union sometimes got him discharged, or threatened to, in order to enforce its no-strike commitment.

Being without such disciplinary power would present difficulties to a union that makes a no-strike pledge and wants to live up to it.

Injunctions. T-H provides that, in "unfair-labor-practice" cases, a court injunction shall be issued.

Collective bargaining frequently disposes of what could otherwise be unfair-labor-practice charges. A board making determinations of collective-bargaining issues may hand down a decision distasteful to either labor or management. If it involves what can be presented as an unfair labor practice, the party finding the decision distasteful may, under T-H, reverse the board in effect through the injunctive power of the courts.

Emergency strikes. T-H prescribes a specific procedure for handling "national emergency strikes."

Writing in 1946, the drafters of Taft-Hartley had a pretty clear idea of what a national emergency strike was. Then, as now, a national coal strike would be so classified. But a strike in General Motors then did not present a national emergency.

Taft-Hartley says a national emergency strike can be enjoined over an 80-day period. It also says that a fact-finding board must be impaneled to examine the issues in dispute. But the fact-finders are explicitly barred from making recommendations for settling the dispute.

• **Serious Problems**—Three questions are raised here that will pose serious problems for any top-level agency that settles disputes.

First, with Taft-Hartley operative, how much decision-making authority can there be in disputes of national importance?

Second, when a T-H injunction against a strike has run its 80-day statutory course, won't the union feel morally free—as well as being legally able—to strike?

Third, if the disputes board is named as the fact-finding board for the purpose of complying with T-H, how can it render a decision when the law prohibits it from doing so?

• **Cause for Change?**—In addition to these matters, the unions see other points of conflict. They appear confident that there are enough such points to force basic changes in the law. They are hoping that there are even enough to portend its repeal.

CIO Shipbuilders See Boom

CIO's Industrial Union of Marine & Shipbuilding Workers of America is just a shadow of its old self. But it expects to regain a lot of its lost weight this year. It believes the shipbuilding industry's dull postwar years are over.

• **A 90% Decline**—At the peak of the shipyard boom in World War II, IUMSWA had over 600,000 members. It had more than 300 contracts, including agreements with all major employers, except Kaiser (which had an AFL contract) and the Navy. It took in \$300,000 a month in dues and initiation fees—enough to cover a generous operating budget and then some. The union treasury contained \$1-million in reserve funds.

As of this week, IUMSWA claims only about 60,000 members, a scant 10% of what it had six years ago. While it still has some 150 contracts, most are with companies that employ only small numbers of shipyard workers. Dues hardly cover the union's monthly

bills on a tightened-belt operating basis. And the union treasury has shrunk to less than \$100,000.

On the whole, the union's losses ran just about parallel to the slump in shipbuilding. Now shipyard work is picking up again (BW—Jan. 20 '51, p. 25). Already, IUMSWA reports, its membership is beginning to perk up. The union "hopes" to double its size by the end of the year; eventually, it hopes for somewhere around half its World War II membership. With that in mind, IUMSWA is busy ironing out some old operating problems.

• **It'll Stick to Ships**—Until its biennial convention in Boston last week, IUMSWA claimed more than 110,000 members. But, admittedly, most of it was paper membership, not worth much to the union.

When yards started closing in 1945, IUMSWA began a frantic search for new jurisdictions—and new members to replace its wholesale losses. It staked

out claims on a catch-all basis, something like Lewis' District 50.

The shipyard union took in brassworkers and other metalworkers who seceded from the Mine, Mill & Smelter Workers, then in CIO. It set up a semiautonomous division in the union for them.

In 1947 IUMSWA opened its arms to a fledgling organization of CIO railroad workers, created another separate division for them.

It was never a happy arrangement. Many old-time shipyard groups didn't like the way the union was branching out into landlocked fields. They called on the union to stick by its last-on shipbuilding and repairing—instead of “dissipating efforts and resources” outside the industry. Union officers kept telling members that nothing like that was happening, but the old timers weren't convinced.

Moreover, the feeling was definitely mutual. The metalworkers never felt at home in IUMSWA; their industries were too different. The railroad workers yearned for a recognized, autonomous union status.

Last week, a solution was reached that satisfied almost everyone:

- The metalworkers, some 12,000 of them, were formally released to go into the United Auto Workers (CIO)—which has jurisdiction over jobs more nearly like those of the metalworkers.

- The railroad workers (a claimed 45,000 in 71 locals) were freed to function independently as the United Railroad Workers of America (CIO). This is a brand-new union, principally of Pennsylvania R.R. employees. John Green, for 17 years president of IUMSWA, went along with the railroad group. He's the temporary chairman (and prospective first president) of the new union.

IUMSWA didn't try to hold the metals and rail groups. It said it was planning to expand in its own industry and to stick to shipbuilders' problems.

- **They're Plentiful**—These are plentiful enough, to IUMSWA's way of thinking. Wages and jobs, for instance, are hot issues now.

The union instructed John Grogan, the new president, to start a drive for wage increases. It complains that its wage gains are lagging and that a “great majority of shipyard workers are still denied . . . pension plans.” The union also wants contract expiration dates made uniform across the country. Separate settlements are blamed for keeping locals “at each other's throats.”

The union also would like the Navy to farm out more work to private yards. IUMSWA—which doesn't represent government shipyard workers—complains that private yards are being utilized too little to keep on an efficient standby basis.

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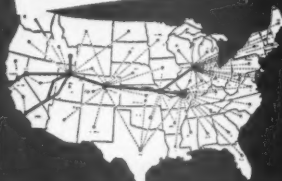
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W. Willard Wirtz will be acting executive director of the Wage Stabilization Board.



Harry Weiss will look after administrative matters and interagency relations.

WSB Policy Calls for Flexible

The Wage Stabilization Board, bogged down since the nine members took office Nov. 28, began to gain a little traction this week.

Economic Stabilizer Eric A. Johnston gave it the push: first, by delegating to the board authority to formulate and administer wage policies, subject to Johnston's over-all supervision; then by freezing, for the first time in peacetime history, all wages and salaries at their Jan. 25 level (page 21).

• **Progress**—These two acts got WSB moving. By midweek it had:

• Issued the first of a series of "regulations," which, step by step, will defrost the wage and salary freeze into a recognizable thaw by spring.

• Begun building an organization in Washington and throughout the country to handle the wage control regulations and, later, the labor-management disputes which will undoubtedly arise from them.

This amounts to another National War Labor Board and regional war labor board operation.

As Johnston got WSB started on its way, it became apparent that the board would be guided considerably by the warning signals it could see ahead.

• **Danger Point I**—The first danger point was threat of a strike by more than 350,000 soft coal miners.

The \$1.60-a-day wage increase obtained by John L. Lewis for his United Mine Workers on Jan. 18, effective Feb. 1 (BW—Jan. 27 '51, p112), had to be accommodated. To get this raise by, WSB issued a regulation approving wage increases that were negotiated, or formally promised by employers, before Jan. 26, which are supposed

to go into effect within 15 days.

The board took other routine steps: (1) It exempted from its control, as during World War II, earnings of public employees. They are regulated by public authorities and usually lag behind those of industrial workers; and (2) it sanctioned increases that would bring wages up to the 75¢-an-hour minimum set by the wage-hour law.

Significant as a forewarning of more controversy ahead, the tripartite board's regulation approving the Lewis contract was a split vote, 6-3. The industry members dissented.

Imminent were three other regulations thawing the freeze still more:

• A fifth-round "catch-up" formula, under which groups of employees who had not had wage increases up to the 10% pattern set in major industries since early 1950 would be allowed to catch up.

• Approval of day-to-day implant adjustments based on merit, length of service, promotions, and the like, if they are in accordance with a plan in effect on Jan. 25. This is adapted from the old War Labor Board's General Order 31, so familiar to industrial relations executives with wartime wage experience.

• Exemption of wages paid by small employers. During World War II, this exemption applied to employers of eight or less.

• **Danger Point II**—The next danger signal WSB hopes to pass safely is the Mar. 1 quarterly cost-of-living increase of 5¢ or 6¢ an hour. This is coming to more than 1,250,000 employees under the General Motors-type escalator contracts. The "catch-up" formula may



Peter Seitz will be right-hand man to Chairman of the Board Cyrus S. Ching.

Wage Controls

justify most, if not all, of this increase. General Motors employees, for instance, have had increases totaling 12¢ an hour since June 1. But 2¢ of that was recovery of a 2¢ wage cut last March, so that the net increase since a year ago is 10¢ an hour.

The GM base rate a year ago was \$1.64 an hour. A 10%-since-January-1950 "catch-up" formula would entitle GM employees to a 16¢ increase, leaving room for an additional 6¢, come next Mar. 1.

• **Other Hikes**—WSB is putting off until later what to do about another GM innovation—the widely copied "annual improvement" increases, based on increased productivity. These take effect June 1. In most contracts this provides an automatic boost of 4¢ an hour.

At that time, too, the next quarterly cost-of-living adjustment will be due. Living costs are sure to be higher, even under price control. So WSB will have to face the issue of whether to let wages rise with the cost of living or void contracts covering more than a million workers.

Indications now are that these increases will be allowed to go through.

Both Johnston and Cyrus S. Ching, WSB Chairman, hinted this pretty strongly in recent testimony on Capitol Hill. Both stressed the need for a "flexible" wage policy that will stimulate production.

• **Accelerated Production**—Ching went still further. Among other things, he said:

"If we can have wage stabilization that will increase production . . . it [will be] more desirable than a lot of inflexible rules" that might bring about

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disagreements and "stoppages in production."

In other words, accelerated production, not inflation control, is to be a prime consideration in wage policies.

• **Personnel Ads**—Meanwhile, WSB began to expand for the paper work ahead. The members serving on the board will be doubled from nine to 18, although it will remain officially a nine-man board. This will permit interchange of members, also allow the board to split up into panels when necessary.

These are industry's nominations—proposed by National Assn. of Manufacturers and Chamber of Commerce: John Stephens of U.S. Steel; Almon Roth of the San Francisco Employers' Assn.; and Raymond Smethurst, formerly general counsel of NAM.

Ex-WLB personnel with wartime experience are being brought in fast to build up a Washington staff as well as a regional structure:

W. Willard Wirtz, who was Chairman of the National Wage Stabilization Board, which gradually lifted wage controls at the end of the war, is acting executive director. Wirtz has been given the job of organizing regional boards in 15 cities within 30 days. After that, he plans to get back to Chicago, where he is teaching law at Northwestern University. He's also a member of the Illinois liquor control commission. He is resisting Ching's efforts to keep him in Washington.

Harry Weiss, who has been serving as WSB's administrative officer on loan from the wage-hour office, has been made acting "executive officer." He is handling administrative matters and relations with other government agencies.

Peter Seitz, Ching's assistant at the Federal Mediation & Conciliation Service (from where Ching is on leave as director), has taken on similar duties with Ching at WSB.

Sylvester Garrett, who served WLB in various capacities, can be general counsel to WSB if he wants it. His teaching duties at Stanford Law School will not permit him to take the post at this time, and it may go to G. L. (Pat) Patterson, former counsel to the CIO United Rubber Workers—now on WSB's legal staff. Garrett is doing part-time duty at WSB.

• **Ex-WLB's**—Other familiar WLB faces are working as a special committee on revamping General Order 31 for WSB and may wind up in some spot in the growing organization: Ralph Seward, Saul Wallen, I. Robert Feinberg, and Robert Tilove.

Lewis M. Gill, former WLB public member, has been serving as a consultant. He is under consideration for a top office.

Dr. George W. Taylor, former WLB

chairman and author of the Little Steel Formula, has been meeting with, and advising, the wage board constantly. He insists he will not return to Washington from his teaching post at University of Pennsylvania's Wharton School.

• **Regional Setup**—Plans are to set up regional boards in the 12 cities where they functioned during the war—Boston, New York, Philadelphia, Atlanta, Cleveland, Detroit, Chicago, Kansas City, Dallas, Denver, San Francisco, and Seattle. A few other cities, including Pittsburgh, Minneapolis, Richmond, and Los Angeles, will have branches.

Until they are operating, and even afterward, queries as to whether certain wage adjustments are permissible should be made at the 50 offices of the Wage-Hour Division of the Labor Dept. As before, these offices will rule on whether approval is required of a particular wage or salary adjustment.

Arbitrator Code

Three major umpiring groups agree on standards governing arbitrators, disputants and hearing procedures.

About 90% of all union contracts today provide for arbitration—or at least limited arbitration. That makes it important that arbitration function speedily and efficiently.

Last week three major arbitration organizations took a long stride in this direction with the official adoption of a uniform code of ethics. The groups were the American Arbitration Assn., National Academy of Arbitrators, and Federal Mediation & Conciliation Service.

• **Two Years**—The code has been forged during two years of often heated debate. It aims to clarify, standardize, and speed up the whole arbitration process. Basic standards are laid down for all arbitrators associated with the sponsoring groups, as well as for labor and management.

The code doesn't mention penalties for arbitrators who fail to comply, but enforcement is planned by the sponsoring groups. The American Arbitration Assn., for instance, announced that it will investigate any complaint that its arbitrators failed to follow rules. If a violation is proved, AAA says it will drop or suspend the arbitrator from its list. The other groups plan similar steps.

That means that professional arbitrators must go along with the code or risk losing the business they get through the sponsoring groups.

• **Management**—The new rules are particularly important for management. In

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clues



UMPIRING of union-management disputes has lacked uniformity until the new code.

the past, employers have hesitated to commit themselves to accept an umpire's award. They had no sure way of knowing, in advance, the standards and procedures to be used in reaching a decision. Now the code ends much of this uncertainty.

The regulations are published in a 10-page booklet through the financial aid of the Bernheim Arbitration Education Fund. The first distribution, of 25,000 copies, will be among arbitrators and labor-relations personnel in unions and management.

The booklet is organized in three sections:

Ethical standards for arbitrators, including their obligation to follow legal standards common to "adjudicatory bodies (that) require a full, impartial, and orderly consideration of evidence and argument."

The rules bar soliciting or advertising for assignments. They bar an arbitrator from taking a "horse-trader" role—by disregarding facts and merely splitting differences between disputing parties somewhere down the middle. They also warn against efforts to "induce a settlement . . . against the wishes of either party." Under the code, an arbitration must be just that—and nothing more.

The code also warns arbitrators that they should not give "gratuitous" advice or comments not related to the issue in a dispute. Nor should they, unless requested by both parties, "issue any clarification or interpretation" of their award. The code says that, if the parties want comments, they should provide for them in advance in the arbitration agreement.

Procedural standards cover such things as arbitration subpoena policies; examination and cross-examination of

witnesses; the admissibility of "all relevant facts" in a case, including affidavits and decisions of other arbitrators; and the privacy of records and testimony.

One of the moot points while the code was being drawn up was the fear that rules would be made too inflexible. The code compromises on that; it says that "within broad limits, the parties . . . may have as much formality or informality as they desire" as long as "the observance of essentials of integrity and good conduct" isn't impaired in any way.

Conduct and behavior of the disputing parties are governed by these rules:

Parties should not communicate with the arbitrator privately. If they write to him, a copy should be sent to the other party.

They should do nothing to create "improper pressure" from any source on the arbitrator.

They should refrain from "concealment of necessary facts, or the use of exaggeration" in presenting testimony.

They should avoid "acrimonious, bitter, or ill-mannered conduct."

They should present arguments in "an orderly way" and refrain from trying to inject new evidence into the arbitration, either through a brief or directly to the arbitrator after the close of a hearing.

In addition, the code provides that the fee in an arbitration should be "reasonable and consistent with the nature of a case." Once set, before the arbitration gets under way, it should not be altered during or after the arbitration. The arbitrator is entitled to be reimbursed for "necessary expenses, including travel, communications, and maintenance," according to the code.



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INTERNATIONAL OUTLOOK

BUSINESS WEEK

FEBRUARY 3, 1951



Now that Eisenhower's report is in, look for a new turn in the "great debate"—should the U.S. help defend Western Europe?

Eisenhower is convinced that (1) our European allies mean business with their defense programs; and (2) the U. S. has a high stake in the defense of Western Europe.

But Eisenhower can't guarantee smooth sailing for the Western alliance. Storms are bound to blow up between the U. S. and its friends as Moscow tests the strength of the alliance in coming months.

•
Paris and London still are deeply worried over our policy on Red China—despite their vote to have the U. N. label Peiping an aggressor (page 97).

Premier Plevin and President Truman were harmonizing in Washington this week. But the Plevin government agreed reluctantly to the U. N. action on China. What's more, Paris will drag its feet on arming West Germany. The French hope the Russians will offer a solution to the German problem in Big Four talks.

At bottom, the British and French fear strong U. S. action now. They think it could lead to all-out war before the West is prepared.

•
Another thing that's bothering Plevin is the allied raw-materials pool (BW-Jan.13'51,p28). He claims that the pool lacks the power really to stem runaway commodity prices.

Plevin would like the Big Three—the U. S., Britain, and France—to do the allocating. Under the present plan, this power is held by the commodity groups. They represent the major producers and consumers of each individual commodity.

•
Plevin let Washington in on another of his worries—German stalling on the Schuman coal-steel pool.

What's at issue now is the anticartel provision of the Schuman plan. And Paris wants the U. S. to put more pressure on Bonn to accept this curb.

The big hitch is the monopoly that controls sales of Ruhr coal. The French say this must be broken up. Spokesmen of German business, labor, and government say it can't be done. The Germans argue that the monopoly has existed for 50 years, that they can't do business any other way.

•
Britain's revised defense program will cost £4.7-billion over the next three years. That's about 30% more than the labor government figured on last November.

Under the new plan, total defense spending—excluding stockpiling—will take 12% of the gross national product during the fiscal year beginning this April. The following year the figure will rise to 15%.

Defense production will be doubled this year. Two years hence it will be more than four times the present level.

•
The British consumer will be hit hard by new defense production.

• Clothes rationing is sure to come back. (It ended in 1949.) That's because more British textiles are needed for export—to make up for the drop in export of hard goods as the metalworking industries switch to defense.

• Passenger train services will be cut almost 50% to save coal for industry. (The coal crisis would be serious even without a big defense program.)

• A milk shortage probably will come by April. To eke out the present

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
FEBRUARY 3, 1951

meager meat ration, the government has ordered a heavy slaughter of domestic cattle. (The meat shortage is due to London's refusal to pay the price Argentina wants for its beef.)

To cover higher defense costs, Chancellor Gaitskell has to add an extra £450-million to his April budget.

Gaitskell will try to get most of this money via three routes: (1) higher tax yields; (2) additional taxes on personal incomes, profits, sales; and (3) cuts in nondefense government spending.

But the government also is borrowing from the public; to attract buyers, it's jacking up the interest rate on a new issue of defense bonds.

West German labor unions have won their battle for "codetermination"—an equal voice with management—in the Ruhr coal and steel industries (BW-Jan. 20 '51, p122).

Chancellor Adenauer gave in to union demands rather than face a disastrous strike. But Adenauer managed to get these concessions from union leader Hans Boeckler:

(1) Labor won't push its 50-50 policy in other German industries—except chemicals.

(2) Labor will support management and the government against Allied plans for decartelization of the coal, steel, and chemical industries.

Here's the formula that Adenauer and Boeckler worked out for coal and steel: Labor will have a panel of five members on each board of directors.

But the unions won't name all five, as they originally demanded. They will name only two. Two others will be picked by the workers in the plant, and one jointly by the union and the plant workers.

The stockholders will name four of management's five directors. Then the four groups will name a fifth.

Whenever the 10 directors reach a stalemate, an eleventh will be picked by an industrywide association made up equally of representatives of labor and management.

From management's angle, the formula has this big hitch: It takes the approval of eight directors to appoint any new plant manager. And that gives labor a veto over technical and commercial policies.

The U. S. is putting more foreign-aid money into developing strategic materials abroad.

Under a new policy, the Economic Cooperation Administration can spend dollars to cover local costs, say in Africa, and to buy equipment in Western Europe. Until recently, ECA could pay only for equipment and services needed from the U. S. And that kept the program moving at a snail's pace.

What's an essential U. S. export? That question has had Washington mobilizers puzzled.

So chief mobilizer Wilson has set up a committee on foreign supplies and requirements. The committee's job is to decide how best to assure our allies their fair share of available civilian goods.

The committee, which is headed by ECA Administrator Foster, met for the first time this week. Before long, it may develop into a centralized foreign-aid agency.

BUSINESS ABROAD



ISSUE: Britain's Jebb and India's Rau have stymied U.S. plans for an economic blockade of China. Jebb still wants Red China admitted to United Nations.



RESULT: Russia's Malik is pleased, and America's Austin is worried over split in Western camp. It could work only to Russia's advantage.

U. N. Bogs Down Over China

"A smile on the face of the aggressor," wrote the London Economist last week, "is infinitely more dangerous than truculence."

The Economist was referring to the open split between the U.S. and its allies that came when Red China hinted that it might accept the United Nations' cease-fire proposals. And the danger is real enough.

• **Soviet Move**—For one thing, the U.S.-British rift may tempt the Soviets to move against Yugoslavia this spring. The Kremlin may well gamble that discord among its opponents will allow it one more adventure without starting World War III. It was British-French differences that had encouraged Hitler

to gobble up Austria in March, 1938.

Even if Russia fails to seize the opportunity, the damage will be serious. Because of the differences at the U.N., American leadership of the free world is being questioned in Western Europe, as well as in the Middle East and Asia.

• **U.S. Loser**—If the split, especially between the U.S. and Britain, isn't closed soon, there will be no percentage for the allies in holding Big Four talks on worldwide problems, including the Far East. Washington might just as well accept Moscow's proposals for talks on Germany alone or junk Big Four meetings altogether.

True, last weekend there was a closing of ranks at the U.N. A majority,

though not the Middle East-Asian bloc, seemed ready to accept the U.S. resolution naming Red China as an aggressor in Korea. The changed mood came after the U.S. watered down its original resolution by dropping the proposal for sanctions against Peiping. In effect, the U.S. agreed that collective measures, such as a blockade of the China coast, will be used only if the U.N.'s "good offices" committee decides that all hopes of a peaceful settlement have been exhausted.

• **More Complications**—But just before the U.S. backtracked, Sir Gladwyn Jebb, Britain's spokesman at the U.N., threw another monkey wrench. Jebb insisted that Red China would have to be admitted to the U.N. before there's any chance of a peaceful settlement. Moreover, the British argue that a U.S. veto of Peiping's membership would threaten the very existence of the U.N. (The State Dept. this week still stands by its earlier position: no veto on this point. However, if the recognition issue really comes to a head, Congress may take a different view.)

Thus there's a chance that before long one U.N. committee will be discussing collective measures against Red China while another U.N. committee is deciding whether Peiping should be seated on the Security Council.

• **Trouble Ahead**—There's no blinking the seriousness of the rift between Washington and London. It has been so wide recently that Britain has been making important moves without letting Washington in on them. For example, London was a party to the latest Indian effort to get Peiping to reconsider its original answer to the U.N. cease-fire proposal. But the British let India's representative, Sir Benegal Rau, front for them. And for a day or two last week State didn't even know what was going on behind the scenes.

What's more, British public opinion seems to be solidly behind Prime Minister Attlee—Conservatives, as well as Labor party leftists. Most Britons would agree with the Economist's verdict that "American policy seems now to have taken the shape of issuing empty instructions to the U.N. by congressional resolutions and then flying into a temper when they are not immediately obeyed." Other British publications express fears that Gen. MacArthur is taking the leadership of U.S.-Far East policy once more.

In a showdown, of course, the British will swing back to the U.S. side. But India probably won't. Nehru seems determined to stay neutral in case of war with either Communist China or the Soviet Union. His attitude is: Peiping is not intervening in Korea from Communist expansionism but from nationalism; the Chinese are coordinat-



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ing their policy with Moscow only for legitimate security reasons.

• **Conflicting Policies**—The U.S.-British rift became serious at the time of the Truman-Attlee talks in December. It was then that Secretary Acheson unveiled his policy of conducting a "limited war" against Communist China (BW-Jan. 27 '51, p. 23). It is Acheson's idea to make Mao pay so dearly for his aggression that he will back down.

To most Americans this policy made sense, but it fell like a bombshell on Attlee's unprepared ears. He immediately expressed fears that such a course would lead to an all-out war with China.

Even some high officials in the State Dept. shared Attlee's shock. Both before and after the Attlee visit, there have been differences within State over Far Eastern tactics. They showed up first over the problem of crossing the 38th parallel; later, over how to cope with the Chinese intervention.

• **Lone Wolf**—Acheson started to drift away from some of his own advisers last summer when the 38th parallel question came up. George Kennan, then head of State's policy planning staff, warned Acheson that Communist China was sure to join the war if U.N. troops got anywhere near the Manchurian border.

When Acheson decided later to support a "limited war" policy, some of his advisers warned that serious cracks would show up in the Western Alliance unless the new U.S. policy was well oiled. Brand Red China an aggressor if you want, they advised, but don't try to follow it up until you have solid backing. At least go through the motions of exploring all possibilities of negotiating with Peiping.

But Acheson felt the U.N. couldn't keep on closing its eyes to what China was doing. Perhaps because he felt it necessary to get Congress on his side, he made it perfectly clear that the U.S. would make action against Red China a "to-be-or-not-to-be" issue for the U.N. Then, when the U.S. was forced to go along with the U.N.'s cease-fire bid, State Dept. officials hurried up to Capitol Hill to explain that the U.S. only agreed to the resolution because State was positive Peiping would turn down the offer.

Acheson kept his word to Congress. Hardly an hour after Peiping's answer reached Washington, the Secretary called it totally unacceptable. Apparently, no effort was made to coordinate U.S. reaction with that of its allies.

• **Retrenchment**—The British, as well as some of Acheson's advisers, argued that U.S. policy was playing right into Moscow's hands. The critics said that the U.S. was sure to be defeated in a crucial U.N. vote if our policy was pushed before our allies could be lined up behind it. That might give Moscow

just what it wanted—an irreconcilable split in the Western camp.

It was at this point that Acheson pulled back some. He had U.S. delegate Austin agree to the new, watered-down version of the aggressor resolution. Meanwhile, the lull in the Korean fighting is taking the heat off Acheson in Congress; there's not much opposition to Austin's backdown.

But probably not even Acheson knows where we go from here. It will take some careful footwork to keep both Congress and a U.N. majority happy in the coming weeks.

Canada Expands Steel By \$90-Million Worth

Canada's steelmakers are out to keep pace with rapidly expanding steel capacity in the U.S. They are boosting their own plant by more than \$90-million worth. Here are the targets:

• By 1953, steel ingot capacity of 4-million tons, up 700,000 tons over present capacity.

• By 1952, pig iron production of 3-million tons, up 700,000 tons.

• By 1952, rolling-mill products output of 2.9-million tons, up 600,000 tons.

• **Centers of Growth**—Hamilton, Ont., is the scene of the biggest activity. Steel Co. of Canada, with a third of the country's ingot and pig iron output, has announced a \$45-million program there. And Dominion Foundries & Steel Corp. plans a \$12-million blast furnace-pig iron project at Hamilton.

At Sault Ste. Marie, Ont., Algoma Steel Corp. has a \$10-million stainless steel tubing plant abuilding; and Atlas Steels, Ltd., at Welland, is down for a \$1.6-million cold-rolled sheet mill. Rounding out the picture is the Dominion Steel & Coal Corp., expanding its Sydney, N. S., collieries and mills to the tune of \$23.5-million.

• **Saving on Imports**—Canadians hope their new steel capacity—plus the new sources of iron ore at Steep Rock, Ont., and in Labrador—will help cut steel imports. Last year Canada imported \$128-million worth of primary steel products—mostly from the U.S.—to supplement home output of \$275-million.

• **Controls, Too**—Steel controls are in force now. There's a permit system, and defense industries and government projects get first crack at supplies. As for imports from the U.S., Canada has an agreement with Washington that will allow continued imports on a percentage basis. Recently, Ottawa struck a deal with the National Production Authority for 8,000 tons of U.S. steel products monthly—from March until June—so Canadians can finish 11,000 urgently needed railway freight cars.



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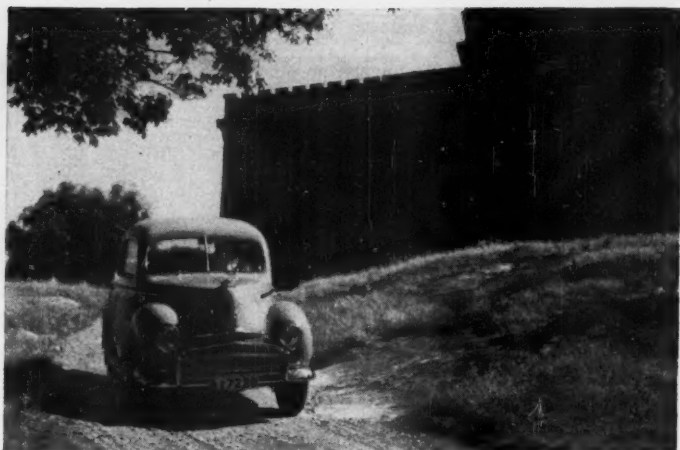
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GERMAN FORD sells well in Scandinavia. This Taunus sedan wound up in Sweden.



VOLKSWAGEN "bus" tries out U.S. market and New York's wintry streets.

German Cars Hit Export Road

From a trickle in 1945, German auto makers upped production of passenger cars to 209,623 last year, a third of it for overseas. Production and export goals of Big Five are higher for 1951.

West German auto assembly lines, barely crawling in 1945, have started rolling again—and fast. Last year Germany's Big Five auto manufacturers turned out 209,623 passenger cars; five years ago the output was a piddling 1,293.

Export markets—in Western Europe, the Near East, Africa, and the Americas—are the targets of Germany's heaviest sales fire. Last year its auto men sent a third of their production abroad. Cars became one of Bonn's most profitable sources of foreign exchange. This year, with total production slated to

pass the 1938 figure of 276,804, Germans are shooting for still higher export goals.

So far, this German push hasn't cramped British and French car sales abroad. Demand is well above supply in all car-importing countries. The up-and-coming German output goes to meet latent demand rather than sop up someone else's business. But rearmament in Britain and France may help the factories across the Rhine to muscle in for a while.

• **Volkswagen**—Volkswagen, the largest German manufacturer, is even tack-

ling the U.S. Right after Korea, VW introduced its low-priced, four-seat sedan to American motorists (BW-Jul.29'50,p83). Last week, New York's Hoffman Motor Car Co., which handles the Volkswagen, said it was selling 600 cars a month through 120 dealers. Now Hoffman has a new Volkswagen wagon-bus that seats eight, costs just \$2,000 (picture, page 100). Hoffman says it has 100 orders for it already.

Company officials have set a 1951 production target of 120,000 vehicles, 40,000 more than last year. And they're looking for big sales in North and South America.

• **Opel**—Adam Opel A. G., German subsidiary of General Motors, is planning an all-out export drive, too. Last year, Opel sold 40% of its 72,000 cars and trucks abroad. With the new machinery it is installing, Opel hopes for 95,000 in 1951—and more sales in Western European markets.

• **Daimler-Benz**—Daimler-Benz turned out 33,906 cars last year. Daimler makes the high-priced Mercedes; it even has a model with a diesel engine that it claims is the most economical car of its class in the world. Like Volkswagen and Opel, Daimler exports one-third of its output, mostly in Western Europe.

• **Ford**—Ford of Germany concentrated on trucks until late in 1949, when the new Taunus sedans appeared (picture, page 100). Last year, Ford produced 25,115 Taunus units, plus 4,000 trucks. Ford exports 25% of its output, mainly to Sweden and other Scandinavian countries. Now German Ford officials are looking to Latin America—they just got their first order from Brazil for 100 cars.

• **Borgward**—Smallest of the Big Five is Borgward, which makes the Hansa line in a plant at Bremen. Last year's production was 8,855, of which 2,500 were for export. Borgward, too, has its eye on foreign markets, hopes for a good production boost during 1951.

Texas Swaps Grapefruit For Swedish Prefabs

Citrus growers in Texas and manufacturers in Sweden have struck a neat barter deal: Texas grapefruit for Swedish prefab houses and vegetable shipping boxes.

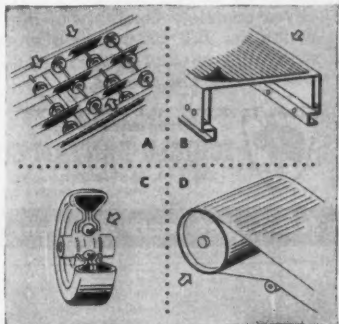
The first of the grapefruit—9,317 cases—leaves Brownsville, Tex., this week. In exchange for the fruit, plus some cash, Sweden's H. Rouw & Co. is sending 200,000 knocked-down tomato crates. The Texans also have 15 houses on order from John Bruce Co. in Stockholm.

• **Shortage Finds Surplus**—Back in 1946, a dollar shortage forced Sweden

Better 3 WAYS

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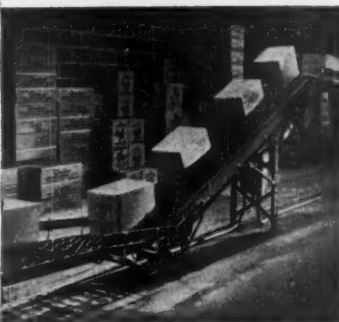


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3 Rapistan Value

Original cost of Rapistan equipment is low. Upkeep is kept at a minimum because bulk of "flow" system is low-cost gravity conveyor, with power units at strategic points. Hence, on-the-job savings result from elimination of traffic snarls, and excessive handling. Storage space and man hour output are greatly increased. Fewer workmen often handle twice the previous volume!



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EASTERN CORPORATION
BANGOR, MAINE

to stop buying U.S. citrus fruit. Meantime, Texas growers have been scouting around in an effort to sell as much as possible of their bumper crops. Last year, Larry Lightner, Brownsville (Tex.) export-import man, went to Sweden to work out a swap scheme.

Everybody seems happy with the results. The Swedish companies say they'll take 100,000 boxes of grapefruit plus 35% cash in exchange for their packing crates and houses. They like the idea of selling in the U.S. on a barter basis—"without ECA red tape and without burdening American taxpayers unnecessarily." And Texas growers are glad to have a new customer for their citrus surplus.

• **Fast Building**—Lightner is now distributor for the prefab houses. He says you can get a "dream of a cottage" with variable floor plans for \$2,095, delivered in Brownsville. The Bruce houses have interlocking hooks, instead of nails. Lightner claims you can put one up in "three or four hours."

BUSINESS ABROAD BRIEFS

First full-scale atom pile in Britain has begun producing plutonium. The British aren't officially aiming at bombs; they'll push experiments in industrial energy in the race to replace dwindling coal supplies. Work on atomic ship engines is on the docket, too.

CARE—the Cooperative for American Remittances to Europe—will distribute \$35-million in U.S. foodstuffs to hungry Yugoslavs during the next six months. It's part of Washington's emergency relief program for Yugoslavia (BW—Dec.9'50,p106). First-quarter shipments—10,000 tons of dried milk, 5,000 tons of dried eggs, 6,000 tons of butter—begin next week.

Sinclair Oil Corp. has brought in its second successful oil well in Venezuela: 456-bbl. daily. The company's first came last October.

Labor's Point 4: Amalgamated Clothing Workers (CIO) has pitched in \$250,000 to set up an olive oil refinery at Amantea, Calabria, in southern Italy. Amalgamated figures it is giving employment to 500 persons, helping nearby growers, and keeping the town from poverty.

Bad Czechs: The Russians have stopped grain shipments to Czechoslovakia, causing shortages and high prices there. Reason: Czech industry failed to fulfill its 1950 quota of machinery exports to the Soviet Union, sent some to the West, instead.

RTA Under Fire

Extension of Reciprocal Trade Agreements is running into opposition. Industry charges "unfair" foreign competition.

A determined group of industry representatives descended on Washington last week to alert Congress to the dangers of the Reciprocal Trade Agreements program. Watchmakers, furriers, glass blowers, glove makers, and potters charged their industries are being stifled by "unfair" foreign competition.

The House Ways & Means Committee this week approved a three-year extension of RTA. The bill is now headed for the House, but it may run into trouble before it reaches the Senate Finance Committee.

• **Monkey Wrench**—The issue is mainly along party lines. At the Senate hearings, the Republicans will plug for the "peril point" amendment. Under it the Tariff Commission would have to advise the President when an industry thought its lifeline was being shortened by imports. Peril points have become official GOP policy ever since the party dropped its wholesale attacks on RTA in 1947. (Opponents argue that they could allow any pressure group to force a tariff hike.)

Administration officials claim that the clause requiring the Tariff Commission to find evidence of damage before a tariff concession can be withdrawn is ample protection. In 1947 Truman ordered that this "escape clause" be written into every U.S. trade agreement.

• **Harmony**—The Administration is using every tactic to keep rows over RTA to a minimum this time.

There is no request for further tariff-cutting authority, even though almost all the leeway granted by Congress has been used up. However, Congress will be asked to O.K. the establishment of a secretariat for the Geneva Agreement on Tariffs & Trade, when it gets a customs simplification bill this spring. This is a compromise for the charter of the International Trade Organization which Congress has shelved for the past two sessions. GATT was supposed to be a temporary agreement, to be absorbed when and if ITO was adopted.

But opposition is already cropping up. Opponents accuse the Administration of trying to smuggle a GATT-disguised ITO through Congress.

There's another good reason for playing down tariff rows: Results of the Torquay tariff negotiations will be announced around the first of April. U.S. concessions at Torquay were almost as great as those made at Geneva.

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Inflation Control by Price Freeze

General Freeze and General Max have taken over. The 8-million prices which serve as governors of our vast and complex economic machine are now frozen—or at least given a deep chill. And so, too, are wages.

The way we have drifted into this inevitable national decision is an object lesson in democracy at a good deal less than its best. In adopting the general freeze, the government has acted—with the country behind it—from weakness rather than strength.

The iron fact that our leaders and our people have refused to recognize is simply this: This nation cannot more than double its defense effort—bring it up to a fifth of total output in a single year—and still maintain its civilian standard of living. You can't do that by resort to price controls any more than you can do it with mirrors.

The protests from the country against high prices that brought about the price freeze are in reality protests against reducing our standard of living. The tragedy is that price control is somehow supposed to avert these sacrifices. It cannot.

The plain truth is that this nation—its leaders and its ordinary citizens—have not had the guts to deal with the root causes of this inflation. We have indulged in half measures. We have walked respectfully around such sacred cows as "politically acceptable" levels of taxation, cost-of-living pay adjustments, and parity price concepts.

Legal Price Dams

Had we the will, we would know where to go to deal with the heart of the problem. Dollars are merely claim checks on goods. When too many dollars claim too few goods, prices are pushed up. That touches off the whole price-wage-cost spiral. Clearly, the way to bring dollars and goods into balance in a tight economy like ours is to keep dollars of income from becoming dollars of spending.

The price control approach is to erect legal dams to hold off the excess dollars. The faith that Americans have in price controls is baffling in view of the general disgust with OPA in 1946. In one month following the end of the war, 75% of the prices at retail confidentially reported to a government tabulating agency were above the prevailing OPA ceilings. Even now there is an obvious defeatism among the controllers in Washington. The freeze is regarded as just a starting point from which to begin a planned creep.

The only thing that will save this whole price control apparatus from cracking up is the same thing that might have made it largely unnecessary—a fundamental attack on the roots of inflation through a tough tax and credit policy. Instead of relying on paper dams to protect prices, we should prevent income dollars from getting into the spending stream. Deep-reaching taxes, backed

up by drum-tight credit and sound public debt management, are the surest method of bringing our spending into balance with goods and of imposing the necessary cut in our living standard in the period just ahead. Such a fiscal and monetary policy is also vital if the price freeze is to be flexible enough to permit expanding production.

The Greatest Danger

It is said that the public would rebel at paying taxes sufficient to hold the inflation line. If that is true, then the same rebellious spirit in the people will not accept or abide by price controls.

The greatest danger now is that the price freeze will relieve the pressure on the Administration and on Congress to work out a stern fiscal program. If we do not act on this front during whatever breather the first impact of the price freeze gives us, then the inevitable sequence of retreat, breakdown, and chaos will be set in motion. And with it will come a hobbling of production and a weakening of public confidence in the government.

For we are dealing here with a crisis with no foreseeable end. Whatever block to the wage-cost-price spiral a freeze may give, it cannot survive the building up of spendable dollar pressure behind the price dams. That is why it is absolutely necessary to incorporate the present military program into the economy on a pay-as-we-go basis, supported by the right kind of credit and public debt policy, to keep what we have to spend in line with what there is to buy. If we do that, there is a chance to restrain prices and to make saving meaningful again. Along any other route lurks national disaster.

Conquest by Fireworks

The Chinese Communists have taken the fortress of Chamdo in faraway Tibet with no more than a display of fireworks. Without firing a shot or losing a man, the defenders gave up their stronghold and with it their country.

We hope this marks the last of cheap victories for Communist threat, terror, and psychological warfare against peaceful people. Those weapons have served the Communist cause well, even in the United States.

Like Hitler, the Communists know how to attack the minds of men. But this heavy dependence on terror is not a sign of strength. It is a sign of weakness. It is the inexpensive strategy of men who must learn to do a lot with a little. Scare a man to death, and you need make no bullet for him.

Communist gongs and pyrotechnics may continue to frighten people much better armed than the Tibetans. But the United States has now gone past the point where it can be panicked by a Roman candle.

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SAVINGS for the railroads are another big "Roller Freight" advantage. Timken bearings reduce starting resistance 88%, pare fuel bills. They reduce man-hours spent on inspection and repairs, end winter tonnage cuts, prolong car life.



A **"ROLLER FREIGHT"** livestock train now in service on the Union Pacific shows what "Roller Freight" can do. Running time from Salt Lake City to Los Angeles has been cut in half! Cattle arrive in better condition! The U.P.'s livestock hauling business has increased 30% in two years!

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